

CURRENT MINNESOTA LABOR MARKET CONDITIONS

September, 1984 Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

Developments in nearly all of the major economic indicators in August suggested that the Nation's economy may be slowing down. The weakness in some of the barometers may be only temporary, however.

The employment situation appeared to weaken somewhat in August as the seasonally adjusted unemployment rate remained the same while adjusted total employment fell and adjusted nonfarm payroll employment rose at a relatively slow rate. At 7.5 percent, the adjusted unemployment rate was the same as in July and May and 0.4 of a point above the June rate. Total employment (seasonally adjusted) dropped by 426,000 in August after a decline of 353,000 in July. The large August drop in employment may have been the result of a later than usual survey week during which many students may have already left summer jobs. Also, seasonally adjusted nonfarm payroll employment rose only 159,000 in August after gains of 216,000 in July and 349,000 in June. However, a hospital strike reduced the August payroll employment figure by 50,000 and employment in food processing which has been erratic fell by 13,000. Employment in the cyclically sensitive durable goods manufacturing industries continued to show substantial growth through August.

Other economic reports for August revealed that retail sales and housing starts fell sharply while industrial production and personal income showed only small gains. However, temporary conditions in the auto industry, model changeovers and shortages of popular cars, were partly responsible for the weakness in industrial production and retail sales. Also, the slow growth in personal income was partly due to the hospital strike.

State

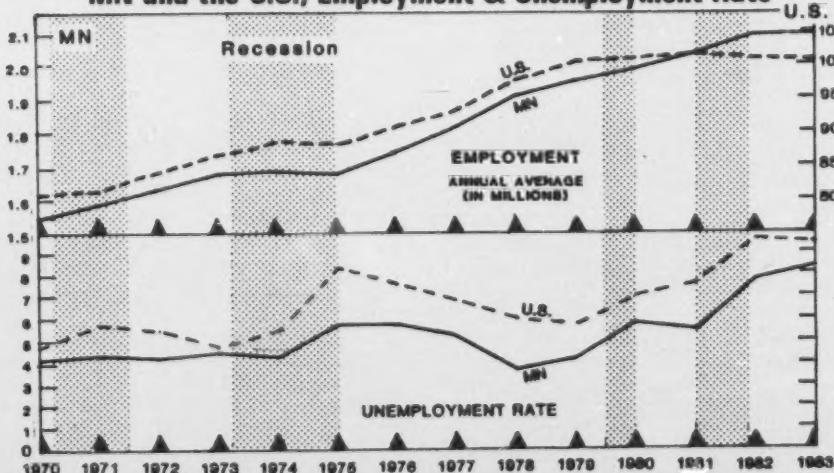
The Minnesota economy continued to expand in August as the unemployment rate edged down and both total and nonfarm payroll employment rose. The August employment gains, however, were not as strong as those in the early part of the year.

Minnesota's seasonally adjusted unemployment rate dropped 0.1 of a point to 6.3 percent after rising 0.2 of a point in each of the past two months. Although the August rate was the same as in February, it was well below the adjusted 7.8 percent of a year ago. Also, seasonally adjusted total employment rose 2,900 in August after a decline of 6,100 in July but was 87,600 higher than in August 1983. The August gain in total employment, however, was considerably less than the average monthly increase of 6,800 between January and May. Meanwhile, seasonally adjusted nonfarm payroll employment rose by 9,500 as recalls of hospital workers and other additions offset layoffs in the taconite industry. The August rise in payroll employment was not far below the average monthly increase of earlier in the year.

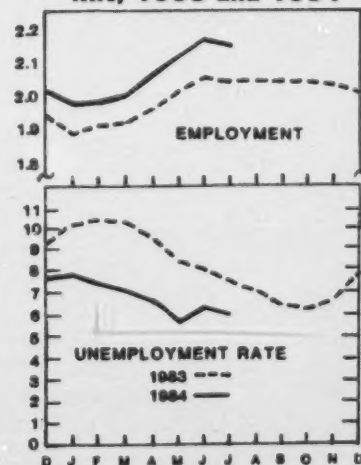
Developments in August among the available leading indicators also were generally favorable. Seasonally adjusted average weekly initial claims for unemployment benefits fell 2 percent in August after a 7.7 percent rise in July and was 12 percent below the year earlier level. Also, seasonally adjusted building permits for private housing climbed 19 percent in August and was slightly above a year earlier. It should be noted that the time series for data of this type tend to be rather choppy at the state level.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	August 1984	Change From		August 1984	Change From	
		Last Mo.	Year Ago		Last Mo.	Year Ago
Civilian Labor Force	2261.1	-23.3	61.2	115.1	-1.1	1.5
Employed	2133.3	-13.8	88.3	106.7	-0.8	3.5
Unemployed	127.7	-9.5	-27.1	8.4	-0.3	-2.0
Unemployment Rate						
Actual	5.6	-0.4	-1.4	7.3	-0.2	-1.9
Seasonally Adjusted	6.3	-0.1	-1.5	7.5	0.0	-2.0

MN and the U.S., Employment & Unemployment Rate



MN, 1983 and 1984



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Aug. 1984	July 1984	Aug. 1983	July 1984	Aug. 1983	Aug. 1984	July 1984	Aug. 1984	July 1984	Aug. 1984	July 1984
TOTAL NONAGRICULTURAL	1837.9	1820.9	1722.7	0.9	6.7						
MANUFACTURING	383.7	374.7	357.6	2.4	7.3	381.35	380.25	9.51	9.53	40.1	39.9
Durable Goods	228.3	224.7	210.0	1.6	8.8	399.49	390.98	9.72	9.63	41.1	40.6
Furniture, Lumber and Wood	17.3	17.0	15.8	1.9	9.6	409.44	396.40	10.06	10.01	40.7	39.6
Stone, Clay and Glass	10.0	9.9	9.5	1.1	5.0	391.78	386.20	10.31	10.11	38.0	38.2
Primary Metals	6.0	6.1	5.6	-0.6	8.4	365.49	357.29	8.98	8.91	40.7	40.1
Fabricated Metals	34.5	34.3	33.0	0.7	4.7	471.51	452.50	10.94	10.93	43.1	41.4
Nonelectrical Machinery	90.0	88.3	81.6	1.9	10.3	404.89	405.87	9.78	9.78	41.4	41.5
Electrical Machinery	29.5	29.6	26.3	-0.3	12.1	319.56	317.98	7.91	7.91	40.4	40.2
Transportation Equipment	7.4	6.1	6.4	22.7	17.1	450.50	372.10	10.60	9.12	42.5	40.8
Other Durable Goods ^{2/}	33.6	33.5	31.9	0.2	5.3	377.70	379.20	9.49	9.48	39.8	40.0
Nondurable Goods	155.3	150.0	147.6	3.6	5.2	359.97	366.60	9.23	9.40	39.0	39.0
Food and Kindred	52.8	48.1	51.7	9.8	2.1	303.80	318.33	7.75	8.10	39.2	39.3
Textile and Apparel	5.5	5.3	5.2	2.9	6.1	217.77	217.31	5.95	5.97	36.6	36.4
Paper and Allied	34.2	34.2	32.8	0.2	4.4	477.85	481.60	11.27	11.20	42.4	43.0
Printing and Publishing	40.4	40.0	36.4	0.9	11.0	368.81	361.22	10.16	10.09	36.3	35.8
Chemical and Petroleum	9.8	9.7	9.5	1.1	3.9	435.24	461.77	11.16	11.43	39.0	40.4
Rubber and Leather	12.6	12.7	12.1	-0.4	4.0	305.56	303.24	8.02	7.96	38.1	38.0
NONMANUFACTURING	1454.2	1446.2	1365.1	0.6	6.5						
Mining and Quarrying	9.5	11.2	9.2	-14.8	3.1	517.69	528.52	13.04	13.18	39.7	40.1
Metal Mining	7.0	8.7	6.8	-19.3	2.5	539.38	546.19	14.12	14.15	38.2	38.6
Construction	85.5	82.6	71.6	3.5	19.5	573.60	588.13	14.67	14.74	39.1	39.9
Building	23.3	22.9	19.5	1.8	19.3	520.14	507.48	13.51	13.39	38.5	37.9
Highway and Heavy	17.3	16.4	15.2	5.3	14.2	583.84	557.26	13.12	13.02	44.5	42.8
Special Trades	44.9	43.3	36.8	3.8	21.9	597.06	643.57	16.05	16.17	37.2	39.8
Transportation	61.2	60.9	58.2	0.4	5.2						
Railroads	10.3	10.2	11.0	1.5	-6.1						
Trucking and Warehousing	25.7	25.4	24.5	1.3	5.2	425.59	425.59	11.66	11.66	36.5	36.5
Public Utilities	34.7	34.6	26.2	0.2	32.3	515.20	512.62	12.88	12.88	40.0	39.8
Communications	20.0	20.0	12.1	0.1	65.3	480.00	480.00	11.97	11.97	40.1	40.1
Elec., Gas and Sanitary	14.7	14.6	14.1	0.5	4.1	555.61	550.02	13.96	13.96	39.8	39.4
Trade	468.6	464.4	436.2	0.9	7.4	229.59	232.32	7.43	7.47	30.9	31.1
Retail	351.8	348.1	325.1	1.1	8.2	186.98	186.98	6.47	6.47	28.9	28.9
General Merchandise	49.1	48.5	44.1	1.3	11.4	172.87	167.28	5.90	5.89	29.3	28.4
Food Stores	47.1	47.1	45.3	0.1	4.1	223.32	226.44	7.57	7.65	29.5	29.6
Automotive	36.4	36.6	34.2	-0.5	6.5	305.24	309.14	8.34	8.20	36.6	37.7
Eating and Drinking	121.1	119.2	110.7	1.6	9.4	109.24	109.46	4.59	4.58	23.8	23.9
Wholesale	116.9	116.4	111.0	0.4	5.2	387.84	398.82	10.10	10.20	38.4	39.1
F.I.R.E.	106.9	106.8	102.1	0.1	4.7						
Finance	49.1	49.2	48.8	-0.3	0.5						
Insurance	38.0	38.0	35.9	0.1	5.9						
Real Estate	19.8	19.6	17.4	1.2	14.1						
Service Industries	420.8	412.6	397.7	2.0	5.8						
Hotel and Lodging	26.0	25.6	23.4	1.6	11.4						
Business Services	70.3	69.5	63.3	1.1	11.1						
Health Services	136.2	130.7	134.9	4.2	0.9						
Private Education	17.9	17.4	17.5	2.9	2.2						
Soc. Serv., Museums etc.	90.4	90.4	85.3	-0.1	6.0						
Government	266.9	273.0	263.9	-2.3	1.1						
Federal	31.6	31.6	30.7	.0	2.9						
State	64.3	64.6	62.6	-0.5	2.7						
Local	171.0	176.9	170.7	-3.3	0.2						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, SMSAs, and Counties

Area or County	August, 1984 Prelim.			Area or County	August, 1984 Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
<u>State of Minnesota</u>	2261095	127748	5.6	Lake	4278	489	11.4
<u>Metropolitan Areas</u>				Lake of the Woods	2026	143	7.1
Duluth/Superior (Duluth City Only)	34240	2454	7.2	Le Sueur	13495	806	6.0
Fargo/Moorhead (Clay County, MN Only)	27623	1286	4.7	Lincoln	4257	216	5.1
Minneapolis/St. Paul SMSA ^{2/}	1228196	55218	4.5	Lyon	16189	735	4.5
Rochester SMSA ^{3/} (Olmsted Co.)	60841	2514	4.1	McLeod	19222	806	4.2
St. Cloud SMSA ^{3/}	81058	6280	7.7	Mahnomen	3126	307	9.8
<u>Counties</u>				Marshall	6747	717	10.6
Aitkin	5715	675	11.8	Martin	14952	919	6.1
Anoka	116248	5205	4.5	Meeker	11875	922	7.8
Becker	13461	1331	9.9	Mille Lacs	9538	778	8.2
Beltrami	16944	1243	7.3	Morrison	13546	1150	8.5
Benton	12564	1027	8.2	Mower	18380	1123	6.1
Big Stone	4344	241	5.6	Murray	6651	428	6.4
Blue Earth	28779	1241	4.3	Nicollet	14844	669	4.5
Brown	16072	873	5.4	Nobles	12960	818	6.3
Carlton	11970	1176	9.8	Norman	4937	265	5.4
Carver	21771	783	3.6	Olmsted	60841	2514	4.1
Cass	11641	951	8.2	Otter Tail	26302	1874	7.1
Chippewa	8081	446	5.5	Pennington	6598	483	7.3
Chisago	15292	722	4.7	Pine	10015	810	8.1
Clay	27623	1286	4.7	Pipestone	5979	262	4.4
Clearwater	4259	619	14.5	Polk	17755	1491	8.4
Cook	2592	194	7.5	Pope	5934	328	5.5
Cottonwood	7929	493	6.2	Ramsey	273477	12986	4.7
Crow Wing	18975	1463	7.7	Red Lake	2292	251	11.0
Dakota	114916	4942	4.3	Redwood	11338	486	4.3
Dodge	9106	609	6.7	Renville	12593	833	6.6
Douglas	14456	791	5.5	Rice	24581	1661	6.8
Faribault	11760	562	4.8	Rock	6276	196	3.1
Fillmore	12934	803	6.2	Roseau	6515	441	6.8
Freeborn	18515	1258	6.8	St. Louis (Inc. Duluth)	87372	11264	12.9
Goodhue	20878	1188	5.7	Scott	25848	1042	4.0
Grant	3670	163	4.4	Sherburne	14761	1062	7.2
Hennepin	558960	25603	4.6	Sibley	9502	461	4.9
Houston	10625	489	4.6	Stearns	53733	4191	7.8
Hubbard	6298	594	9.4	Steele	17751	1015	5.7
Isanti	10742	770	7.2	Stevens	6063	244	4.0
Itasca	17344	1769	10.2	Swift	6849	652	9.5
Jackson	8393	486	5.8	Todd	12318	846	6.9
Kanabec	5726	536	9.4	Traverse	3021	121	4.0
Kandiyohi	19333	1012	5.2	Wabasha	10753	725	6.7
Kittson	3696	294	8.0	Wadena	5704	446	7.8
Koochiching	7848	650	8.3	Waseca	9804	416	4.2
Lac qui Parle	6138	347	5.7	Washington	66984	2640	3.9
				Watsonwan	7024	373	5.3
				Wilkin	4514	211	4.7
				Winona	23142	1649	7.1
				Wright	34700	1295	3.7
				Yellow Medicine	8145	353	4.3

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is Applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.66; employment was multiplied by 1.02. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

2/ Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

3/ Benton, Sherburne, and Stearns Counties.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

Total claimants for unemployment benefits dropped by 2,462 or 8.8 percent in August. A sharp decline (2,155) among claimants in the services industries resulting primarily from the recall of laid off hospital workers more than offset 1,500 layoffs in the mining industry. There were also large over-the-month decreases of 1,042 in manufacturing and 519 in construction. Over-the-year, the number of claimants fell by 7,331 or 22.3 percent. The largest decline from a year ago was among claimants in retail trade (1,663). Other sizeable over-the-year reductions occurred in construction (1,297), manufacturing (1,271) and services (1,251). Recently available seasonally adjusted claimant data show that the total number of claimants have fallen in 22 of the past 24 months.

Table 1. Distribution of Insured Unemployed, By Age and Sex, August, 1984

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	25492	56.9	100.0	100.0
Under 45	19310	58.4	77.8	73.0
Under 25	3860	58.9	15.7	14.4
25-34	9612	59.8	39.6	35.2
35-44	5838	55.9	22.5	23.4
45 and Over	6182	52.0	22.2	27.0
45-54	3459	51.2	12.2	15.4
55 and Over	2723	53.1	10.0	11.6

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 2. Distribution of Insured Unemployed By Industry and Occupation, August 1984.

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term Unemployed ^{1/}	Women as Percent of Total
Total, All Industries	25492	100.0	20.5	43.5
Ag., For., Fish.	253	1.0	18.5	41.1
Mining	1633	6.4	0.4	4.0
Construction	1830	7.2	14.9	8.0
Manufacturing	6751	26.5	24.5	38.2
Pub. Utilities	1129	4.4	25.6	27.9
Wholesale Trade	1772	7.0	24.5	32.7
Retail Trade	3319	13.0	23.7	49.9
Fin., Ins., Real Est.	973	3.8	27.3	63.5
Services	6853	26.9	18.9	65.2
Public Admin.	580	2.3	23.6	62.1
Inf. Not Available	399	1.5	2.5	39.8
Total, All Occupations	25492	100.0	20.5	43.5
Prof., Tech., Mgr.	5441	21.3	20.0	53.8
Clerical	3767	14.8	25.4	83.8
Sales	1175	4.6	29.2	35.0
Services	2485	9.8	21.7	61.2
Farm., For., Fish.	191	0.7	24.2	22.6
Processing	1075	4.2	24.1	38.2
Machine Trades	1584	6.2	23.3	15.7
Benchwork	2252	8.8	21.5	56.4
Structural Work	2743	10.8	17.3	4.9
Misc.	4450	17.5	13.4	17.7
Inf. Not Available	329	1.3	20.0	63.3

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Table 3. Experienced Supply/Job Openings Demand ^{1/}

Occupation	Applicants (Supply) August, 1984	Job Openings (Demand) August, 1984	Supply/Demand Ratio	
			August, 1984	August, 1983
Total	100052	20988	4.8	9.7
Prof., Tech., Mgr.	13419	1908	7.0	19.9
Clerical	17404	4000	4.4	6.3
Sales	4721	2196	2.1	2.4
Dom. Services	1674	228	7.3	9.3
Other Services	13861	6174	2.2	6.0
Farm., Fish., For.	5866	290	20.2	30.5
Processing	2638	1024	2.6	4.1
Machine Trades	6134	947	6.5	23.3
Benchwork	6503	901	7.2	23.4
Structural Work	12589	1227	10.3	33.0
Mtr. Frght., Trans.	4007	882	4.5	12.2
Pkg. & Mat. Hndlg.	10011	1121	8.9	17.3
Other	1225	90	13.6	45.1

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

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MINNESOTA DEPARTMENT OF ECONOMIC SECURITY

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The Review of Labor and Economic Conditions is published quarterly by the Research and Statistical Services Office of the Minnesota Department of Economic Security, 390 North Robert Street, St. Paul, MN, 55101, in cooperation with the United States Department of Labor, Bureau of Labor Statistics, and the Employment and Training Administration. Current Minnesota Labor Market Conditions is published in the eight months for which no Review appears. Subscriptions and single copies are available without charge and may be obtained by writing to the editor.

Manuscripts of articles are welcomed and should be submitted to the Editor. Articles on labor market conditions and the economic welfare of Minnesota workers are preferred, but subjects which can be shown to be closely related to general economic conditions within the State will also be considered. Articles should be submitted complete with tables and graphs. Length generally should not exceed the equivalent of ten single-spaced typewritten pages, including graphs, references, and notes.

All signed articles appearing in this publication together with the Editorial Comment represent the views of the author or editor and not necessarily those of the Department. Questions or comments to the authors may be directed to the Research and Statistical Services Office of the Minnesota Department of Economic Security, 390 N. Robert Street, St. Paul, Minnesota, 55101 or (612) 296-6545.

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Editorial Comment

SOME OBSERVATIONS ON ECONOMIC AND INDUSTRIAL POLICY

By R. Pinola

Although one could cite 17th and 18th century mercantilism as a case of misguided economic policy, and 19th and 20th century neoclassical economic theory as a more enlightened approach to promoting economic wealth and welfare, periodic dislocations in economic activity have triggered a variety of special policy prescriptions to inject vitality into seemingly moribund industries and economic systems. These policy prescriptions have increasingly called for government intervention in the direction of economic activity. Sometimes the prescriptions are directed at the wholesale restructuring of economic activity while at other times their emphasis is restricted to preferential treatment of given industries. In most cases they have failed to accomplish their purpose. Classic examples of failure are the various agricultural support programs. The failures also extend to protectionist and preferential treatment to other industries, particularly those in the manufacturing sector.

One of the problems with most policy prescriptions is that they are highly politicized. This is to say that they are linked to a particular ideology rather than based on quality research and sound economic logic. As a result, the prescriptions tend to be heavy on rhetoric and notions of what ought to be and weak on analysis and realism. Sir Geoffrey Chandler, who served as Director General of Great Britain's Economic Development Council for over 20 years, observed that ideology more than anything else has contributed to the failures of British industrial policy in the post-war years.^{1/} According to Sir Geoffrey, instead of realistically addressing the economic uncertainties and problems of deteriorating British industry, too much time was spent by government, management, and labor in the distortion and discrediting of ideas for political purposes. Not only did the adversarial nature of politics create a myopic view of what was wrong in British industry, argues Sir Geoffrey, but it promoted a deep-rooted anti-industrial culture that thwarted rational discussion of industry problems. Also, according to Sir Geoffrey, instead of using statistics to keep politicians honest, they were used to "...assist a battle for short-term debating advantage".^{2/} Rather than provide information on real changes in the economy, the public and the Council were fed a plethora of competing forecasts whose "...quantitative differences reflected qualitative different economic and political assumptions..." ranging from the optimism of the Liverpool group to the pessimism of the Cambridge group.^{3/}

While the performance of the American industry over the post-war period has been superior to that of Great Britain, the economic dislocations of the past decade have led to a frenetic quest for an industrial policy that would ensure vitality in the American economy, especially the manufacturing sector. This has led to a veritable "laundry list" of policy prescriptions at both the national and state level. Unfortunately, many, if not most, of the policy

1/ See his, "The Political Process and the Decline of Industry", in the Federation News, Summer 1984, General confederation of Trade Unions, London.

2/ Ibid

3/ Ibid

prescriptions suffer the same shortcomings as those observed by Sir Geoffrey Chandler in the case of Great Britain. Uppermost of these shortcomings is the lack of realistic appraisals of industry problems and strategies that are consonant with evolving market conditions. Moreover, many of the policy prescriptions are based on an alarmist view that is not supported by careful analysis. This is particularly true with respect to our manufacturing industry which is increasingly being viewed as if it were about to become extinct like the dinosaur, no longer capable of surviving in a world of competition and soon to be replaced by the sanitary world of information services.

Admittedly, some of our manufacturing industries are confronting severe and real pressures for reasons that are recognizable given the will to face reality. However, those who feel that the industry is in eclipse should remember that much of the industry shakedown that we have recently witnessed is part of a long-term process that is conditioned by three major factors, namely, technological change, shifts in product demand, and the quality and quantity of resources, none of which are totally independent of the other. To put it simply, these factors contribute to shifts in product demand and supply/cost curves that will either more favorably or less favorably affect given industries. These shifts, in turn, influence the amount and type of labor used to produce an industry's output.^{4/} Rather than recognize how and why these factors are affecting particular industries, much of our industrial policy is directed to simple expedients on the assumption that the basic problems can be resolved through subsidies or protectionist measures.

One of the interesting observations to be made by looking at the experience of our manufacturing industries at the two digit level of disaggregation is that despite the peaking of employment in 7 of the 20 industries before 1960, with the exception of the Leather and Leather Products industry and cyclical swings in economic activity, the Federal Reserve Board Index of Industrial Production has continued to rise in these industries into the 1980s. This indicates that one-dimensional views of industry conditions (e.g., a focus only on employment) can prove misleading. It is true that foreign competition has dampened the growth in demand for domestically produced goods, and that it has had significant employment effects. However, simply providing "band-aids" to cover up basic problems has not been effective. Moreover, because of the interdependence between industries, protection of a high cost industry not only puts that industry, but industries that depend on it for material inputs, at risk. It also raises questions about the cost that consumers pay per job that is saved. For example, Robert Crandall has estimated that the cost of auto import quotas has amounted to \$160,000 per year per job that is saved.^{5/} Whether the public should be asked to provide such a subsidization of jobs should be open to debate. It would certainly be interesting to know whether the auto industry is alone in this level of protection. In any event, the public should be provided more clear choices and better research than normally is forthcoming when policy prescriptions are up for grabs. Also, it seems that many policy prescriptions are based on macroeconomic theory thus overlooking the benefits of microeconomic analysis.

Continued on page 7. See EDITORIAL COMMENT.

^{4/} Nor does the process stop here. Due to the considerable interdependence of industries, conditions applicable to one industry can be quickly transmitted to others.

^{5/} See his, "Import Quotas and the Automobile Industry: The Costs of Protectionism", in the Brookings Review, Summer 1984.

Research Summaries

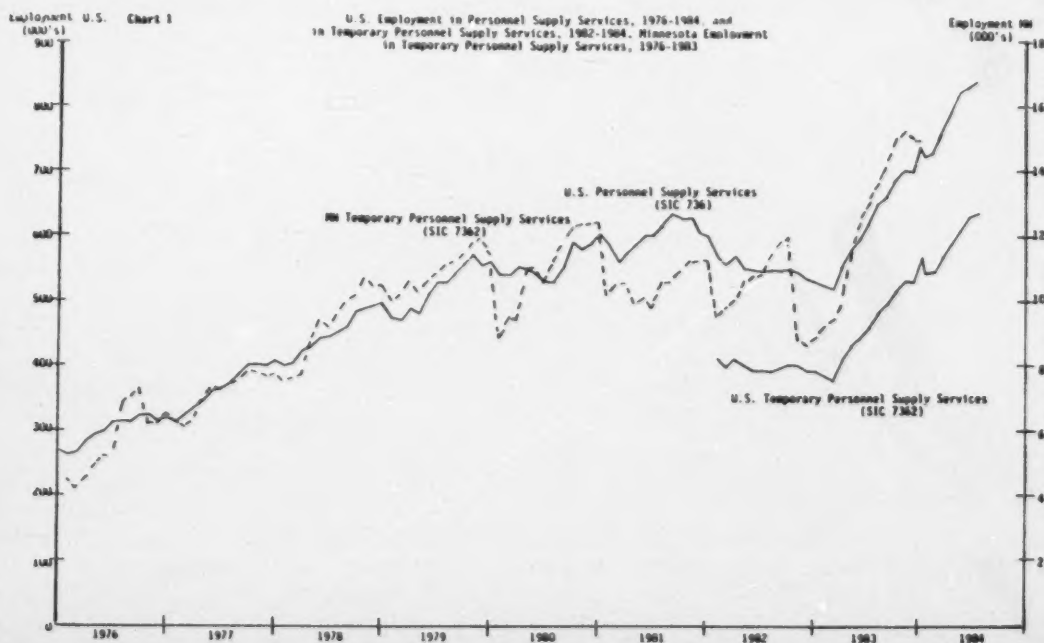
TEMPORARY HELP SERVICES

By B. Steuernagel and D. Hilber

The feature article in this issue of the *Review* focuses on the demand for part-time workers and the characteristics of the supply of part-time labor. This Research Summary will take a look at an intermediary, temporary help supply service establishments.

Temporary help firms supply other businesses with temporary labor on a contract basis. The help supplied is under the direct or general supervision of the business to whom the help is furnished. However, the worker is always on the payroll of the temporary help firm. Some alternative names for firms in this service industry are labor pools, manpower pools, modeling service, temporary help service, and usher service.

There were 166 private establishments which provide temporary help services in Minnesota as of the fourth quarter of 1983. Chart 1 shows the behavior in employment of temporary-help firms. The chart shows the sensitivity of the industry to recessions in 1980 and 1981-82. It should be noted that Minnesota employment in the summer of 1981 was adversely affected by a major league baseball strike which affected employment of ushers and, similarly, a labor dispute interrupted the professional football schedule in the fall of 1982. The demand for temporary labor in 1983 was particularly strong and national estimates shown in Chart 1, indicate that the trend has continued into 1984. In September 1983, Minnesota employment in temporary-help firms was 15,067, a 25.2 percent increase over September 1982. (Fourth quarter year-to-year comparisons would be distorted because of the labor dispute in 1982.) By way of comparison total Minnesota nonagricultural wage and salary employment in September 1983 was 2.0 percent greater than in September 1982 and total service industry employment was up by about 4.0 percent. Nationally, temporary help services had 636,200 workers on their payrolls in July 1984. This was an increase of 31.8 percent over July 1983 when there were 482,600 workers. One must bear in mind that while the fast employment growth in this industry is counted as service industry employment, the workers are actually working in establishments in manufacturing, trade, finance, and other service industry establishments.



The surge in employment for temporary personnel placement service prompted further study, so a survey was conducted of these agencies located in Minnesota. Thirty-four out of 140 companies responded, ranging from large organizations making all kinds of placements to those specializing in particular occupations such as health care and accounting.

Almost all respondents cited cyclical reasons for the recent jump in business. During recessions, demand for temporary labor is low and there is a great number of applicants. With a recovery, demand rises for a ready supply of temporary workers, especially by those employers who are cautious about the strength of the recovery. When economic expansion is maintained this need persists, although it becomes harder for the agencies to find qualified workers. In addition to the recent cyclical surge, sixty-five percent of the respondents acknowledge a long term change among their clients. Firms have become more cautious in their outlook of the economy and reluctant to hire permanent staff. Many prefer the flexibility of staffing which temporary labor offers. Hence, employment through temporary agencies may continue to exhibit gains despite prolonged economic growth. Furthermore, employment in other sectors may be more sluggish than expected as the use of these agencies persists.

Firms using temporary personnel services tend to fall into three industry groups: manufacturing, finance/insurance/real estate, and services. Whereas these sectors account for less than half of total wage and salary employment, they constitute over eighty percent of all temporary agency placements. Only the manufacturing sector is drastically affected by cyclical demand.

Why, then, do firms use these services? Fifty-five percent of all respondents cited replacement needs (for permanent employees on vacation, sick, and personal leave), while 40 percent stated that peak periods or special projects were major reasons for hiring temporary help. Other factors listed, but not as important are cost control (using temporaries to save on pay, benefits and training), convenience, and the opportunity to test potential permanent employees. Consequently, most placements are for the short-term with the vast majority lasting between one week and one month. Our survey results are comparable to those found by The Office magazine in their May 1984 survey of readership. It is interesting to note that three-fourths of their subscribing firms use temporary agencies and of those that do not, the major reason given is that their own staff can handle the work.

The largest share of applicants at temporary agencies are clerical workers comprising close to half of the total. There are also a substantial number of professional, service and production/maintenance personnel, the last group primarily involved in light industrial settings. Due to the high proportion of clerical workers, it is not surprising that females account for over two-thirds of all temporary workers. In terms of age most are between 25 and 64, with few elderly. Youth under 25 are over-represented making up thirty-five percent compared to twenty-four percent of total employment.

Despite the evidence that part-time work in general has increasingly become involuntary, the overwhelming majority of temporaries work on an ongoing voluntary basis either seasonally or year-round. Only thirty percent are looking for a permanent job. Such voluntary behavior is significant in light of the fact that compensation beyond pay is scarce. Fifty-eight percent of these companies do not have any benefits and of those that do, only vacation pay, performance bonuses, and training programs such as word processing skill development are commonly cited. Some firms mentioned a growing practice of offering benefits, which may be necessary to attract skilled voluntary part-time personnel as their relative share of the labor force declines throughout the 1980's.

Temporary agencies listed applicants in skilled clerical occupations - secretaries, word processing, and data entry operators as currently being in short supply compared to demand. On the other hand, agencies cited surpluses of general help - laborers, assemblers, entry-level clerks, and new college graduates lacking specific skills. These conditions mirror those of the overall labor market for the state.

The Job Market

SALES WORKERS

By B.J. Jones

Sales work offers a wide range of career opportunities, including occupations such as cashiers; insurance agents and brokers; manufacturing representatives; real estate agents and brokers; wholesale and retail trade sales workers; security sales workers; and travel agents. In 1982 there were nearly 200,000 sales workers employed in Minnesota, comprising ten percent of the State's total employment.

Sales workers are employed in every major industrial sector of Minnesota's economy. Seventy two percent of all sales workers are employed in the Trade Industry - 56.7 percent in Retail Trade, and 15.3 percent in Wholesale Trade. Finance, Insurance, and Real Estate (12.5 percent), Manufacturing (6.7 percent), and Services (5.8 percent) also employ significant numbers of sales workers.

Sales work provides many opportunities for part time employment. About half of all cashiers and retail trade workers work part time. Retail establishments provide excellent opportunities for part time workers, especially students, to gain experience in the work place.

Training requirements for sales workers vary tremendously depending upon the occupation and product being sold. Most employers prefer applicants with at least a high school diploma. For some sales positions, a college degree is required with marketing, scientific, or engineering majors. Others require specialized training or extensive experience with a particular product.

Wages for sales workers usually depend upon the amount and type of training and experience required. Some jobs in sales, such as cashiers and sales clerks, pay minimum wage or slightly more. Many sales workers are paid on a commission basis. Commissioned paid workers such as wholesale trade and manufacturers' representatives, real estate agents, insurance salesmen, and security brokers, earnings are as high as for professional workers.

Projected population growth, as well as rising personal income will create an increase in demand for goods and services thus increasing the need for sales workers. Employment of sales workers in Minnesota anticipated to increase at a faster rate (24.5 percent) than total employment (15.8 percent) from 1982 to 1990. This trend is also predicted nationally. Opportunities for part time or seasonal employment are expected to be particularly good throughout the 1980s.

DISTRIBUTION OF SALES WORKERS

	<u>1980</u>	<u>1982</u>	<u>1990</u>
All Sales Workers	100.0%	100.0%	100.0%
Sales supervisors, engineers, and representatives	29.9%	29.5%	29.6%
Sales occupations, business goods & services	17.1%	17.6%	17.9%
Sales occupations, personal goods & services	52.6%	52.5%	52.1%
Sales Related Occupations	0.4%	0.4%	0.4%

SUPPLY/DEMAND FOR SPECIFIC OCCUPATIONS, OCTOBER, 1984^{1/}

By S. Hamper

MINNESOTA

Shortage Occupations: commissioned sales persons#, highly skilled clerical workers#, retail sales persons

Surplus Occupations: entry-level managers#, teachers#, nurses#, entry-level clerical workers#, construction workers#, factory assemblers#, laborers#

CENTRAL MINNESOTA

Shortage Occupations: commissioned sales workers#, experienced computer programmers, experienced clerk-stenographers

Surplus Occupations: social workers, teachers, registered nurses#, licensed practical nurses#, welders#, construction workers#, material handlers

MINNEAPOLIS-ST. PAUL

Shortage Occupations: highly skilled clerical workers#, part-time retail sales persons, part-time food service workers#, experienced machinists, experienced machine operators

Surplus Occupations: entry level managers#, entry level clerical workers#, factory assemblers#, general laborers#

NORTHEASTERN MINNESOTA

Shortage Occupations: none

Surplus Occupations: entry level managers#, teachers#, social workers#, registered nurses, office clerks#, bookkeepers#, sales clerks#, licensed practical nurses, nurse assistants, maids#, waiters/waitresses#, food production workers#, machinists#, maintenance mechanics#, auto-diesel mechanics#, welders#, carpenters#, millwrights#, electricians#, pipefitters#, painters#, bricklayers#, truck drivers#, mining crafts#, janitors, laborers: construction, general, and mining#

NORTHWESTERN MINNESOTA

Shortage Occupations: commissioned sales persons#, live-in health aides#

Surplus Occupations: teachers, registered nurses, licensed practical nurses, construction workers#, janitors, assemblers#

SOUTHERN MINNESOTA

Shortage Occupations: sales workers#, tractor-trailer drivers#

Surplus Occupations: clerical office workers#, unskilled construction workers#,
unskilled factory workers#

1/ Shortage occupations are those that are difficult to fill or go unfilled due to the lack of qualified applicants. Surplus occupations are those in which the number of qualified applicants greatly exceeds the number of openings.

This occupation has been listed as a shortage or surplus occupation in at least two out of the last three quarters of the Review.

EDITORIAL COMMENT (Continued from page 2.)

There is still another element of popular economic policy analysis that is lacking in realistic appraisal. This is the ostensible disadvantage that we suffer in international trade due to the flood of cheap imports from low wage, developing nations. While the volume of consumer goods imports from these nations is substantial, it is often overlooked that we have generally enjoyed a favorable balance of trade in manufactured goods with the developing nations as a whole. Actually, our unfavorable balance of trade has been with the other industrial nations. As Bela Balassa has shown, the industrial nations have enjoyed a wide advantage in trade in manufactured goods with developing countries which can be expected to continue to the year 2000.^{6/} Our more immediate problem is that because of higher costs and an over-valued dollar, we are at a disadvantage with other industrial nations, both in inter-country trade and trade with developing nations.

^{6/} See, Bela Balassa, Structural Change in Trade in Manufactured Goods Between Industrial and Developing Countries, World Bank Staff Working Paper No. 396, June 1980, Washington, D.C.

Feature Article

PART-TIME WORKERS

By B. Steuernagel and D. Hilber*

Introduction

The study of part-time work is interesting for several reasons. First, it is a topic which involves two particular groups of the labor force, women and youth. Secondly, part-time work is frequently associated with certain occupations which have been and are expected to continue to be a fast-growing segment of the labor market. A third reason is to consider the potential situation which may develop as the supply of part-time workers grows at slower rates while the demand for part-time workers increases as employers seek to operate their establishments with low labor costs.

Part-Time Work: Basic Definitions

Each month the Bureau of the Census gathers data for the Bureau of Labor Statistics regarding employed and unemployed people. One of the questions asked of employed people relates to the actual number of hours worked during the survey week (the week including the 12th of the month). Persons who work 35 hours or more during the survey week are categorized as full-time. Those who work from 1 to 34 hours are designated as working part-time. Persons working part-time are classified by their usual status at their present job (either full-time or part-time) and their reason for working part-time during the survey week. Persons usually working full-time may have worked part-time because of economic or other reasons. Economic reasons include slack work, material shortages, repairs to plant or equipment, start or termination of a job during the week, and inability to find full-time work. Other reasons include labor-management disputes, bad weather, own illness, vacations, demands of home housework, school, no desire for full-time work. In short, part-time workers include those who are voluntarily working less than 35 hours per week plus persons who usually work full-time but because of economic reasons worked only part-time during the survey week.

People may work on a part-time basis for varying lengths of time during the year. Thus, part-timers are sometimes classified as permanent part-time or intermittent or seasonal part-time workers. In 1982, the permanent part-time worker (those working 50-52 weeks a year) accounted for 36.7 percent of all part-time workers in the U.S. About 20 percent of all part-time workers worked from 1 to 13 weeks a year. The remaining proportion of part-time workers, 43.3 percent, work more than 13 weeks a year but not year-round. Historically, the percentage of permanent part-time workers has grown slightly from 31.1 percent of all part-time workers in 1950 to 36.7 percent in 1982.

Part-time jobs satisfy both worker and employer needs. They provide a source of earnings for workers with a limit on the number of hours they can work either because of other activities, such as child care or studying, or for health reasons. From the employers' point of view, part-time jobs are advantageous for handling fluctuations in business demand during a day or week or for staffing an establishment which is open evenings and weekends. Many sales and service jobs require very little training and consequently, part-time labor can be closely substituted for full-time labor. Labor costs for part-time workers tend to be lower than for full-time workers because such negotiable fringe benefits as health insurance, sick leave, and vacation are provided for on a limited basis, if at all. According to information collected by the U.S. Chamber of Commerce Employee Benefits Survey, agreed upon benefits such as insurance make up over 25 percent of total benefits and in recent years have been the most rapidly rising benefit costs along with legally required benefits, particularly social security. Hence, avoidance of fringe benefit costs can amount to substantial savings to an employer.

* This article was prepared by Bruce Steuernagel and Don Hilber, Research Analysts with the Twin Cities Labor Market Information Center, Research and Statistical Services Office.

Characteristics of Part-Time Workers

Our first task is to draw a profile of the part-time worker in Minnesota. Who are they? In what occupations do they work? In what industries are they employed? Information on these topics is available from the ten-year Census of the Population. Demographic traits are listed in Table 1. As can be seen in Table 1, 469,066 Minnesotans were employed on a part-time basis with roughly two-thirds of these being women. In the same year females comprised about 43 percent of the total Minnesota labor force, indicating the disproportionate representation of women in part-time jobs. Of the males that work part-time, most are under age 25 or over age 64. As the elderly make up a small fraction of total employment, this means that part-timers are predominantly youth and women. In fact, close to half are in the 16-24 age group with an additional forty percent being women 25-64.

Table 1 Employment by Full and Part-Time Status
for Sex, Age and Type of Household
Minnesota, 1980

	Full-Time		Part-Time	
	Number	Percent	Number	Percent
Total	1,365,643	74.4	469,066	25.6
Male	878,540	84.4	161,845	15.6
16-19	24,383	29.5	58,302	70.5
20-24	112,370	77.9	31,794	22.1
25-34	272,136	92.3	22,724	7.7
35-44	191,438	95.0	10,101	5.0
45-54	156,000	94.5	9,026	5.5
55-64	107,923	89.7	12,329	10.3
65+	14,290	44.9	17,569	55.1
Female	487,103	61.3	307,221	39.7
16-19	20,940	25.5	61,098	74.5
20-24	94,088	69.2	41,881	31.8
25-34	150,537	69.2	67,131	31.8
35-44	88,709	61.6	55,358	38.4
45-54	73,317	65.0	39,473	35.0
55-64	52,793	65.4	27,956	34.6
65+	6,719	31.9	14,324	68.1
Head of Household				
-single-person	94,227	75.9	29,863	24.1
-child under 6	11,260	65.8	5,197	34.2
-child 6-17	27,496	76.7	7,883	23.3
-w/other related person	16,524	74.1	5,575	25.9
Married				
-no children	155,245	68.8	70,379	31.2
-child under 6	74,947	53.7	64,738	46.3
-child 6-17	98,986	53.5	85,901	46.5
Other	8,618	18.6	37,684	81.4

Source: 1980 Census of Population, U.S. Census Bureau.

There is remarkable consistency in the propensity to work part-time among the various age categories of adult women. One would expect to see a higher proportion of women in the child rearing years working part-time. However, this is not the case. The recent trend of delayed motherhood and greater career emphasis may explain the observed pattern. A higher incidence of divorce and single parenthood may be another factor as female heads of household tend to work full-time more than other women. Age, sex, and household arrangements are thus the major factors in determining who works part-time. There is little difference in the distribution by racial group.

Not all part-time workers are found in unskilled jobs. However, certain occupations show a greater preponderance of part-time workers as shown in Table 2. By far the largest number of part-timers are in the service occupations including food service, health attending, child care, and cleaning. Many others can be found in administrative support, the professions of nursing and teaching, freight handling, general labor, and retail sales. It is only the last three, however, that in addition to service occupations have a large share of workers employed on a part-time basis. All are low paying lines of work requiring minimal levels of education and training. Although a greater percentage of Minnesotans in these areas work part-time compared to nationwide, this relationship is true for almost all occupations. Thus, our greater propensity for less than full-time employment is not related to the type of work available.

Table 2

Part-Time and Full-Time Employment by Occupation
United States and Minnesota, 1980 Census

Occupation	U.S. (In Thousands)		MN		Part-Time as a Percent of Total	
	Full-Time	Part-Time	Full-Time	Part-Time	U.S.	MN
Total, All Occupations	77,462	20,177	1,416,455	469,066	20.7	24.9
Managerial	9,264	869	183,898	16,232	8.6	8.3
Professional	9,633	2,385	184,196	50,169	19.8	21.9
Technical	2,500	481	52,573	13,162	16.1	20.0
Sales	6,656	3,104	121,013	66,173	31.8	35.4
Administrative Support	13,174	3,678	233,636	81,352	21.8	25.8
Service	7,443	5,187	129,292	135,341	41.1	51.1
Agriculture, Forestry, Fishing	2,202	608	85,070	21,832	21.6	20.4
Craft	11,457	1,139	187,550	25,341	9.0	11.9
Operators, Assemblers	8,078	1,007	125,000	20,440	11.1	14.1
Material Movement	3,816	573	64,381	12,187	13.1	15.9
Handlers, Laborers	3,238	1,146	49,846	26,837	26.1	35.0

Source: Detailed Population Characteristics, 1980 Census of Population,
U.S. Department of Commerce, Bureau of the Census.

Particular industries may utilize part-time workers to a greater degree, but there is no conclusive evidence that the industry mix in Minnesota lends itself to more employment opportunities of this sort. The information presented in Table 3 points this out. Of the sectors which are more prevalent in Minnesota than the U.S.; agriculture/forestry, mining, wholesale trade, and health services, only the last uses part-time workers to any large degree. Conversely, the personal and recreation services sector which have approximately half of their work-force on part-time schedules is not as significant an industry here as elsewhere. What is evident is that nearly all of Minnesota's industries use more part-timers due to the demographic traits previously mentioned. Of the sixteen distinct sectors listed only two small ones, agriculture/forestry and mining use a lower share. This is probably because of the particular kinds of agriculture and mining that the state has, i.e., family farms rather than large corporate enterprises and iron ore mining.

The industries which do employ part-time workers to the greatest degree, both here and nationwide, are retail trade and services. In this state, these types of businesses have one-quarter to one-half of their workers on part-time schedules with the result that average hours for all non-supervisory employees are below 35 hours per week. This division of industries based on average weekly hours and the proportion of part-time workers is closely related to the comparative earnings level among industries. All of the industries which pay lower than average wages have a high percentage of part-time workers. The exceptions are finance/insurance/real estate and agriculture/forestry. The former tends to hire more on a full-time basis perhaps due to the 9 to 5 nature of the business and the fact that it is hard to attract skilled clerical help at low wages for anything less than full-time. The average earnings in agriculture is a misleading figure as it includes only wage earners in an industry where the bulk of income is from self-employment.

Table 3 Employed Part-Time Workers by Industry Minnesota, 1980					
Industry	Number Part-time 1980	Percent of Industry Total 1980	Avg. Weekly Hours All Production Workers 1983	Avg. Hourly Earnings 1983	MM/U.S. Industry Share Ratio 1980
Agriculture/Forestry	22,929	21.0	36.4	7.86	{ 1.67
Mining	534	3.7	35.1	12.23	
Construction	17,049	17.9	37.3	14.68	.88
Manufacturing	38,314	10.6	39.7	9.55	.88
Durables	19,505	8.4	40.4	9.65	.91
Non-durables	18,809	14.1	38.7	9.43	.82
Trans., Comm., Utilities	16,040	12.8	38.3	10.98	.94
Trade	158,599	39.4	30.3	7.31	1.06
Wholesale	11,605	12.9	38.4	9.84	1.11
Retail	146,994	47.1	28.1	6.35	1.05
Finance, Ins., Real Est.	18,949	18.0	36.8	7.68	.95
Services	186,994	34.4	30.4	7.31	1.03
Business & Repair	18,027	25.5	31.8	7.79	.93
Personal	22,809	44.4	34.1	6.92	{ .86
Lodging & Recreation	8,249	53.0	24.2	5.29	
Health	59,173	36.4	31.5	7.21	1.20
Social & Professional	22,058	30.2	31.5	7.60	1.00
Education	56,496	34.2	NA	NA	1.03
Public Administration	9,198	13.5	NA	NA	.69
All Industries	469,066	25.6	33.1	8.48	1.00

Source: 1980 Census of Population, U.S. Census Bureau.
Current Employment Statistics Program, Minnesota Department of Economic Security.

Minnesota has 25.6 percent of its workers on part-time schedules compared to 20.8 percent in the United States. As indicated earlier, the reason for this discrepancy is apparently not the industries that are prevalent in the state and the occupations they employ, but rather the more active participation of women and youth in the labor force. The overall opportunity for employment is greater in Minnesota than nationwide - the unemployment rate is consistently lower than the U.S. average, especially for youth and job growth has exceeded national rates over time. This more favorable employment trend makes it easier for lower skilled part-timers to find work in all occupations. A second factor may be the larger share of working women. Labor force participation rates are higher in Minnesota than in the nation for all age and household categories of females. Whether women choose to work for income, satisfaction or both, the greater acceptance of this group in the labor force helps increase the proportion of part-time workers.

The average earnings of persons in part-time jobs is generally less than for full-time employees. This wage gap could be due to two factors. First, employers pay part-timers a lower rate for the same work as full-timers and secondly, part-time work is highly concentrated in sectors where all workers are poorly paid. According to a study done by the Bureau of Labor Statistics, "An analysis of part-time and full-time wages by sector (using broad categories of industries (10) and occupations (20) found that about two-thirds of the wage gap resulted from the high concentration of part-timers in sectors where all workers were poorly paid".^{1/} Table 4 shows average earnings of part-time and full-time workers. In 1979, the Federal minimum wage was \$2.65 and the State minimum wage was \$2.30 per hour. Additionally, waiters and waitresses, a large part-time occupation could be paid \$1.84 per hour because of the prevalence of tipping in the restaurant trade. Table 3 in the previous section showed the concentration of part-time workers in the trade and service industries. Part-time workers are found in small numbers in industries characterized by the following: large-scale plants, bureaucratic organization, heavy capital investment per worker, or sequential work process. In the case of bureaucratic organizations such as government, finance and insurance, supervisory, communication, and coordination costs are very high. While there may be some higher-paid jobs which could be converted from full-time to part-time, this conversion would increase the size of the work force and communication, coordination, and supervisory costs, without increasing the number of hours of labor.

1/ John D. Owen, "Why part-time workers tend to be in low-wage jobs", Monthly Labor Review, June 1978, page 12, Bureau of Labor Statistics, U.S. Department of Labor.

Table 4

1979 Average Earnings of Full- and Part-Time Workers by Sex and Age, Minnesota

	Usually Work 35+ Hours Per Week			Usually Work 34 or Less Hours Per Week		
	Number	Annual	Weekly	Number	Annual	Weekly
Males						
18 years and older	1,037,574	\$ 17,433	\$ 380	137,338	\$ 6,008	\$ 145
18-24	188,936	8,648	228	66,730	3,658	93
25-34	308,632	16,106	340	19,301	7,777	161
35-44	209,786	21,992	450	6,955	14,557	269
45-54	171,644	22,876	468	6,584	13,315	255
55-64	129,750	20,137	427	11,758	10,044	228
65 years and older	28,826	11,460	330	26,010	4,766	138
Females						
18 years and older	577,870	\$ 9,089	\$ 220	339,409	\$ 3,572	\$ 92
18-24	148,652	6,303	172	95,887	2,711	74
25-34	178,001	9,892	230	78,178	3,901	103
35-44	97,031	10,230	239	63,867	4,067	102
45-54	80,582	10,355	236	45,878	4,147	99
55-64	61,696	10,343	237	34,391	3,870	92
65 years and older	11,908	7,527	206	21,208	3,033	79

Source: 1980 Census of Population, Bureau of the Census,
U.S. Department of Commerce.

Consequently, the use of voluntary part-time is very scarce in high wage industries such as manufacturing, construction, transportation, and utilities, as well as financial services and government because of either the high cost per employee for equipment or because of organizational costs involved with coordinating complex programs and tasks.

A second reason for the earnings gap was that employers pay part-time workers less than full-time workers for the same work. The basic justification for the pay differential involves training costs and labor turnover. Gary Becker stated the following regarding turnover and wages in his classic book, Human Capital:

"Turnover becomes important when costs are imposed on workers or firms, which are precisely the effects of specific training. Suppose a firm paid all the specific training costs of a worker who quit after completing it. According to our earlier analysis, he would have been receiving the market wage and a new employee could be hired at the same wage. If the new employee were not given training, his marginal product would be less than that of the one who quit since presumably training raised the latter's productivity.

Training could raise the new employee's productivity but would require additional expenditures by the firm . . . In the same way an employee who pays for specific training would suffer a loss because he could not find an equally good job elsewhere.^{2/}

Since the quit rate is a function of the wage level, employers are likely to "offer employees some of the return from training" but at the same time "to bring some of the training costs . . . to employees, thereby bringing supply more in line with demand".^{3/}

^{2/} Gary Becker, Human Capital (New York: National Bureau of Economic Research, 1964, page 21.

^{3/} Ibid, page 22.

Part-time or intermittent employees receive lower wages because it is assumed that part-time workers will not remain as long on the job as full-time workers and they work fewer hours during the month so the employer will not be able to recover the initial costs of screening and training. This seems to create a vicious cycle for the part-time worker. "The very fact that the intermittent worker does not receive specific training is at the same time one of the reasons why his tie to the employer is weak and why he is more subject to intermittent employment".^{4/} Perhaps the key assumption in this training-cost justification for lower wages is that part-time workers experience higher turnover rates than full-time workers. A 1977 report to the Employment and Training Administration, U.S. Department of Labor entitled "Permanent Part-Time Employment: The Manager's Perspective", found that although turnover rates of full- and part-timers are roughly the same, employers interviewed in the study were typically unwilling to invest in the training of part-timers".^{5/}

Trends in Part-Time Employment

The nature of part-time work has changed over time due to changes in the demographic mix of the labor force and economic conditions which alter the demand for this type of labor. A look at trends in part-time work in the United States and Minnesota forms the focus of this section. In Table 5, a thirty year history of part-time employment is summarized. Over that period the number of both full and part-time workers has grown, but the latter have done so at a more rapid clip. Yet the fastest growth in the part-time work force came in the 1950's for the Nation and in the 1960's for Minnesota. Between 1950 and 1960, national part-time employment increased five-times faster than full-time employment. Since 1960, part-time employment in the U.S. has increased only 20 percent faster than full-time employment. In Minnesota, the share of part-timers was 23.6 percent in 1970, by 1980 it had risen to only 24.9 percent. This small rise is also evident in the country at large. It appears that the proportion of part-time employment to total employment has nearly stabilized.

Table 5 Trends in Part-Time Employment United States, Minnesota, 1950-1980					
	Total Employment (Thousands)	10-Year Percentage Change	Part-Time Employment (Thousands)	10-Year Percentage Change	Percentage of Total Employment
United States					
1950	68,876	-	10,695	-	15.5
1960	80,618	17.0	16,465	53.9	20.4
1970	93,850	16.4	19,330	17.4	20.6
1980	115,752	23.3	24,832	28.5	21.5
Minnesota					
1950	1,139.6	-	NA	-	NA
1960	1,233.4	8.2	236.8	NA	19.2
1970	1,464.3	18.7	345.4	45.9	23.6
1980	1,885.5	28.8	469.1	35.8	24.9

Source: Census of the Population, U.S. Census Bureau.

^{4/} Dean Morse, The Peripheral Worker (Columbia University Press, 1969) page 98.

^{5/} John D. Owen, "Why part-time workers tend to be in low-wage jobs", Monthly Labor Review, June 1978, page 12, Bureau of Labor Statistics, U.S. Department of Labor.

When part-time work is separated into voluntary or involuntary, additional patterns emerge as displayed in Table 6.6/ A person can be on a part-time schedule for either voluntary or involuntary reasons, the latter primarily a result of economic reasons, such as slack work, material shortages, or the inability to find full-time employment. The 1983 Current Population Survey indicates that this group makes up approximately 30 percent of both U.S. and Minnesota part-time workers. Information by industrial sector is available only for the United States, but the results are relevant for Minnesota as overall part-time employment data move in parallel fashion. The relative share of voluntary part-time workers has remained basically constant since 1970 at about 13.5 percent of total employment. This consistency holds true for most industries with two exceptions. First, the ranks of the self-employed have included a rising proportion of people who want to work part-time, while the reverse is happening in the finance and services area.

Table 6

Percent of Total Employment by Industry
with Voluntary and Involuntary Components
United States, 1970, 1983

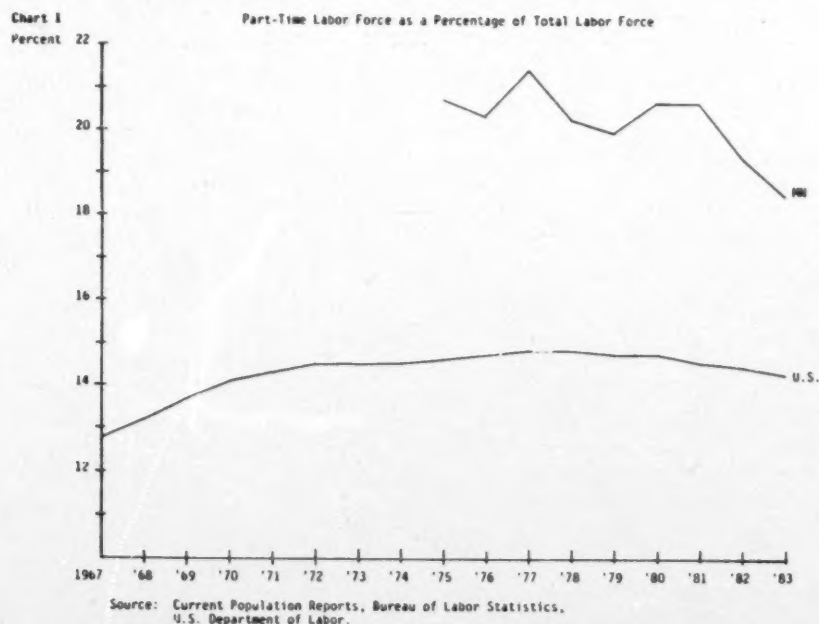
	Percent Employed Part-Time		Voluntary Portion		Involuntary Portion	
	1970	1983	1970	1983	1970	1983
All Industries	16.4	20.0	13.3	13.5	3.1	6.5
Construction	9.8	13.5	4.1	4.4	5.7	9.1
Manufacturing	6.0	7.3	2.9	3.2	3.1	4.1
Transportation and Public Utilities	8.1	8.7	6.0	4.9	2.1	3.8
Trade	27.0	32.4	23.7	22.2	3.3	10.2
Finance, Insurance, & Real Estate	10.8	11.3	9.7	8.8	1.1	2.5
Services Industries	26.8	26.6	23.4	19.8	3.4	6.8
Priv Households	65.4	69.9	52.6	47.0	12.8	22.9
All Other	22.6	24.5	20.2	18.4	2.4	6.1
Public Admin	6.5	7.3	5.6	5.5	0.9	1.8
Self Employed	18.4	26.8	14.5	17.4	3.9	9.4
Unpaid Family Workers	41.8	48.4	39.8	42.8	2.0	5.6

Source: Bureau of Labor Statistics, U.S. Department of Labor.

Involuntary part-time employment, on the other hand, has been growing over the same time frame from 3.1 percent in 1970 to 6.5 percent of total employment in 1982. The pattern parallels that of unemployment: sharp increases during the last three recessions with subsequent recoveries unable to reduce it to previous levels. All industries have experienced this phenomenon with wholesale and retail trade employees showing the greatest rise in the proportion of involuntary part-timers. At the current level of 9.2 percent of total employment, they are comparable to construction workers and self-employed individuals, well above those in the other industries who are in the four to six percent range.

6/ The percent employed part-time in the United States for 1970 differs between Table 4 and Table 5 because, 1) the latter contains annual average figures rather than a point in time, and 2) sampling errors are present for both the Census Bureau and Bureau of Labor Statistics surveys.

Consequently, the rise in the incidence of part-time employment over the last dozen years, however slight, it predominantly due to the increase in involuntary part-time work from both recessionary cutbacks in hours and no full-time work available for those seeking it. Chart 1 reinforces this conclusion. The part-time labor force in the U.S., which includes those employed voluntarily on a part-time schedule and unemployed people who want only part-time work, rose slowly throughout the late 1960's to mid-1970's, leveled for the rest of that decade, then began to drop. This pattern holds for Minnesota as well in the years since 1975 when data became available, though the smaller sample size leads to greater yearly changes. These trends in the part-time labor force are dependent on demographic changes rather than cyclical effects. The overall level of those wanting to work part-time appears to be determined by the number of youth and working women. The youth population will decrease substantially for the next ten years



and their stable or falling participation rates will result in a smaller work force. The number of women in the labor force is projected to increase, though not as rapidly as during the past decade. The share of working women who desire part-time employment has been slowly diminishing since 1970, so the increased number of females will not be enough to offset their lower part-time work proclivity and the fewer youth entering the labor force. Therefore, a smaller part-time labor force (as a percent of total) is to be expected in the future.^{7/}

^{7/} Applying 1980 Census data on full and part-time employment to 1990 labor force projections compiled by the Minnesota State Demographer's Office yields the following:

	1980 (April)	1990 (April)	Net Change
Number of adult females part-time	204,571	279,210	74,639
Number of youth part-time	221,257	180,371	-49,886
Total part-time	519,631	561,610	41,979
Total full-time	1,480,674	1,719,685	239,011
Part-time share	26.0%	24.6%	

What do these trends mean for the future labor market? So far we have seen that part-time workers are almost exclusively youth and females working for retail trade and service industries in low/pay low skill occupations. It appears that there will be fewer of these individuals who want to work part-time while simultaneously there is evidence that employers are increasingly wishing to use workers on a part-time basis to lower labor costs (wages, benefits, taxes and training) and allow flexibility in scheduling. The upshot is that more workers may be working part-time involuntarily resulting in low morale, rapid turnover, and decreased productivity. To avoid these consequences, employers face the choice of changing their staffing pattern to include more full-timers, substituting capital-intensive technology for labor, or raising wages to attract more voluntary part-time help.

There is another option and that is to tap other potential sources of part-time employees, such as the elderly and full-time workers who would prefer more leisure time. National data shows neither of these groups have made an impact thus far in reversing the decline in part-time workers. The elderly have shown a lessened propensity to seek jobs over the last several years. Despite their ever increasing population, there was little change in the number employed voluntarily part-time between 1978 and 1983. Polls have shown that over half of those nearing retirement age wish to continue to work at a reduced capacity, yet few actually look when the time comes. No conclusive evidence exists for gauging whether or not this group will indeed form a future supply of part-time labor. At any rate, it would take a massive influx of such workers to replace the dwindling numbers of youth entering the labor force. While there may be some potential contribution from the elderly, there is little reason to accept the claims made that hours will be voluntarily reduced by those who find higher tax brackets a deterrent to working full-time. The average annual hours of work remained virtually stable during the highly inflationary 1977 to 1981 period with no discernable difference between high and low paying occupations. An idea perpetrated in the late 1970's and valid given the evidence at that time was that voluntary job-sharing arrangements ought to be embraced. Yet the data since then shows a reversal of the trends to the point where such arrangements are no longer needed in most industries. According to a recent survey on office pay and work practices done by the Administrative Management Society, only two percent of the reporting firms had a four day week and two percent had job sharing. Only 18 percent of the firms reported using flex-time.^{8/} If anything, employers now may need to adjust their human resource strategies to an era of a declining part-time labor.

^{8/} "Scientific Engineering Technical Manpower Comments", page 7, Volume 21, No. 6, July-August 1984, Scientific Manpower Commission, Washington, D.C.

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMICS IN THE THIRD QUARTER

By E. Boyle

Nation

The slowdown in the Nation's economy that began in midsummer continued into October. Most economists, however, do not believe that a recession will occur in the near future.

Except for the continued strength in the services sector, labor market conditions were not significantly different from the past four months. The seasonally adjusted unemployment rate remained at 7.4 percent in October and has changed little since May. Both seasonally adjusted total employment and nonfarm payroll employment posted strong gains in October largely as a result of sharp increases in the service-producing industries especially in retail trade and business services. On the other hand, employment growth in construction and manufacturing continued to be slow reflecting the rise in interest rates last spring and the still increasing imports of manufactured goods.

Most other economic reports also showed that the economy was still rather flat in October. Industrial production was unchanged in October after a net decline in the past two months. Also, retail sales fell for the third time in the past four months in October. Additionally, there was a decline in housing starts, new orders for durable goods, and personal consumption expenditures. Still further evidence of a slowdown was the small (1.9 percent) gain in real gross national products in the third quarter as well as the third decline in five months in the index of leading indicators. On the other hand, the recent declines in interest rates as well as the slower inventory accumulation should result in stronger growth in the coming months.

State

Although the Minnesota economy displayed some divergent trends between the second and third quarters, the overall picture was one of improvement. Moreover, in October most employment data suggested continued strength.

The seasonally adjusted unemployment rate fell from 6.6 percent in September to 6.4 percent in October after an average of 6.4 percent in the third quarter and 6.1 percent in the second quarter. However, department analysts believe that the rate has stayed close to 6.2 percent since June and that the more recent higher rates were the result of labor force adjustments required by federal regulations. Total employment (seasonally adjusted) showed renewed strength in October, rising by 11,900 after a drop of 4,900 in the third quarter. Also, seasonally adjusted nonfarm payroll employment rose strongly in both the third quarter (34,500) and in October (15,400). A large part of the gains in payroll employment in the third quarter and October, however, were in the trade and services industry divisions. Employment in manufacturing, which had risen by 11,700 in the second quarter, rose by only 2,000 in the third quarter and then dropped fractionally in October.

Developments in other economic indicators in the third quarter and in October were less favorable than the employment figures. Seasonally adjusted average weekly initial claims for unemployment benefits rose by 600 in October to their highest level since last January. About a third of the new claims were in taconite mining. Also, building permits for private housing, seasonally adjusted, fell in both the third quarter and in October, probably still feeling the effects of last spring's rise in interest rates.

Forecasts

FORECASTS OF GNP & MINNESOTA PAYROLL EMPLOYMENT

By C. Cline

Actual values for the third quarter of 1984 and forecasted values for the next eight quarters of Gross National Product and of total and major industry employment are given below. As usual these incorporate revised Minnesota wage and salary values for the most recent quarter of input data.

Forecasts for the eight-quarter period show reduced rates of growth for both real GNP (a national variable) and Minnesota wage and salary employment. Growth rates for the four-quarter period 1984:3 through 1985:3 are +2.62% for real GNP and +4.03% for total Minnesota employment. These compare with growth rates of +3.43% and +5.17% for the same variables over the 1984:2 through 1985:2 period as presented in the last issue of this publication. Our real GNP expected growth rate falls toward the middle of the ranges predicted by some national forecasters. One should note that in the processes of presenting increasingly more complete estimates of third quarter real GNP, BEA consistently revised downward (from 1653.4 to 1649.6 to 1646.5 billion dollars). All of this lends credence to slower growth for the nation and for Minnesota over the next year.

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
<u>Current</u>										
1984-III	1646.50	1841.62	10.01	84.41	380.73	96.61	468.48	106.84	419.71	274.84
<u>FORECASTS</u>										
1984-IV	1657.97	1866.70	9.58	77.48	374.54	99.46	470.33	106.74	425.15	298.20
1984-I	1667.80	1819.44	9.52	57.35	367.94	96.56	454.63	107.10	422.78	300.61
1985-II	1677.43	1890.27	10.96	72.61	374.98	99.21	476.41	109.63	437.58	303.74
1985-III	1689.60	1915.77	11.11	84.67	390.71	99.57	482.72	111.46	442.70	280.99
1985-IV	1702.27	1931.74	10.55	77.49	382.27	101.59	488.36	111.19	448.49	301.90
1985-I	1714.68	1875.20	10.07	57.35	374.38	98.40	472.28	111.29	445.63	302.92
1986-II	1727.29	1945.13	11.35	72.61	380.44	101.18	492.83	113.83	462.05	305.16
1986-III	1739.67	1972.62	11.45	84.84	396.00	101.73	497.42	115.68	466.18	283.66

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of our forecasts among the major industry division. More information on their accuracy can be obtained from the author on request.

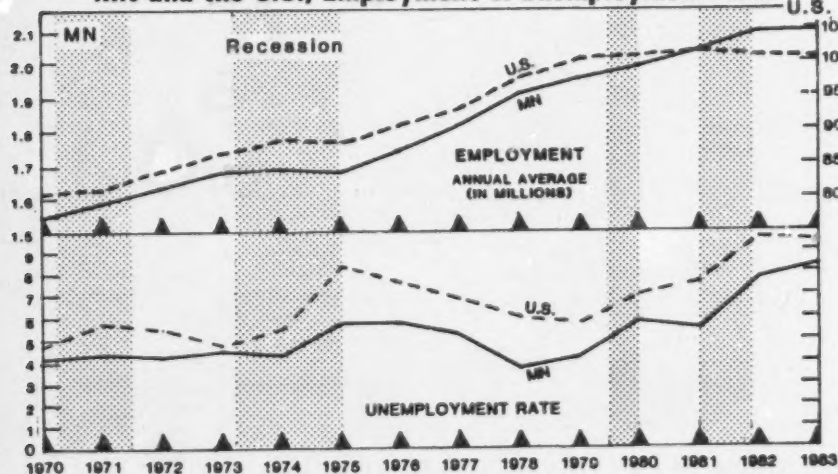
Labor Force Statistics

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	October 1984	Change From		October 1984	Change From	
		Last Mo.	Year Ago		Last Mo.	Year Ago
Civilian Labor Force	2254.2	1.9	71.6	114.3	0.4	2.2
Employed	2133.2	3.7	86.5	106.3	0.5	3.6
Unemployed	121.0	-1.8	-14.9	8.0	-0.1	-1.4
Unemployment Rate						
Actual	5.4	-0.1	-0.8	7.0	-0.1	-1.4
Seasonally Adjusted	6.4	-0.2	-1.0	7.4	0.0	-1.4

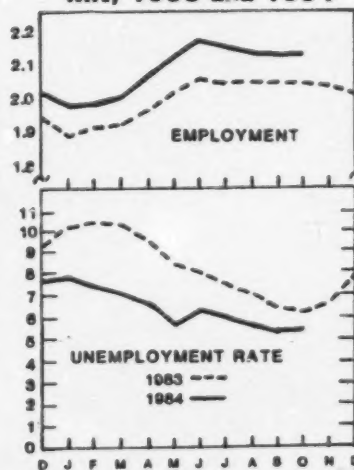
Historical Labor Force Series

Year	Minnesota (Annual Average in '000's)				United States (Annual Average in '000,000's)			
	Labor Force	Employment	Unemployment		Labor Force	Employment	Unemployment	
			Number	Rate			Number	Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1665.0	1593.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1709.0	1635.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1774.0	1694.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1779.0	1701.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1804.0	1697.0	107.0	5.9	93.8	85.8	7.9	8.5
1976	1849.0	1739.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1907.0	1809.0	97.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	75.0	3.8	102.3	96.0	6.2	6.1
1979	2038.0	1953.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2109.0	1984.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2153.0	2034.0	119.0	5.5	108.7	100.4	8.3	7.0
1982	2166.0	1996.0	169.0	7.8	110.2	99.5	10.7	9.7
1983	2174.0	1997.0	178.0	8.2	111.5	100.8	10.7	9.6

MN and the U.S., Employment & Unemployment Rate



MN, 1983 and 1984



Labor Market Conditions

The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry wage.

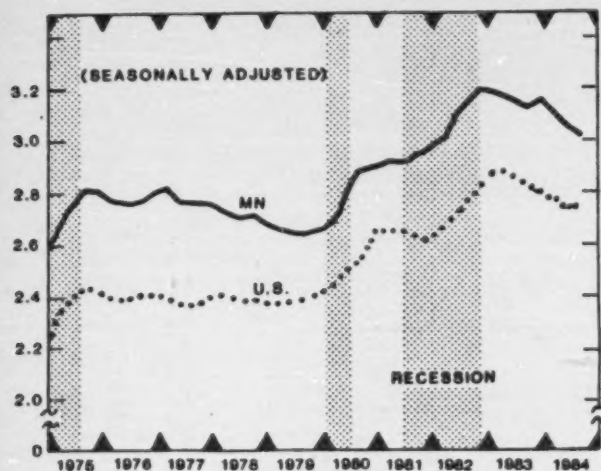
Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor Force Estimates and by Other Rates of Labor Utilization.

Labor Force And Establishment Data	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000's)		
	III Qtr. 1984	Percent Change From		III Qtr. 1984	Percent Change From	
		Last Qtr	Year Ago		Last Qtr	Year Ago
<u>LABOR FORCE ESTIMATES</u>						
Total Labor Force	2266.7	0.1	3.1	115039	1.3	1.6
Employment	2137.3	0.6	4.5	106657	1.4	3.6
Nonagricultural	n.a.	n.a.	n.a.	102922	1.3	3.9
Agricultural	n.a.	n.a.	n.a.	3735	5.7	-3.9
Unemployment	129.4	-7.7	-15.6	8382	-0.5	-18.7
By Reason - New Reentrants-%*	n.a.	n.a.	n.a.	39.1	-0.5	13.3
By Reason - Quit-%*	n.a.	n.a.	n.a.	10.0	6.4	31.6
By Reason - Lost-%*	n.a.	n.a.	n.a.	50.9	-1.0	-11.9
Unemployment Rates						
Actual	5.7	-8.1	-18.6	7.3	-1.4	-19.8
Seasonally Adjusted	6.4	4.9	-17.9	7.5	0.0	-20.2
<u>OTHER RATES OF LABOR UTILIZATION</u>						
Participation Rt (Labor Force/Population 16+)	n.a.	n.a.	n.a.	64.4	-0.2	0.3
Full Employment Deficit - Percent of Workers ¹ /	1.7	2.2 a	3.0 a	3.3	3.4 a	5.1 a
Manpower Utilization Rate ² /	84.2	-0.3	1.3	82.9	-0.2	2.7
<u>NONAGRICULTURAL WAGE AND SALARIED POSITIONS</u>						
Employment*	1828.5	1.6	6.2	94518	0.8	4.6
Mining	9.6	-4.0	10.3	1016	2.2	7.1
Construction	73.1	5.5	19.1	4357	1.5	9.4
Manufacturing	372.7	1.7	7.2	19674	0.5	5.7
Durables	225.0	2.1	8.8	11712	1.0	7.9
Nondurables	147.7	1.0	4.9	7962	-0.2	2.7
Trans., Comm., & Public Utilities	97.1	1.3	3.9	5182	0.7	7.8
Trade	461.8	2.5	7.5	21874	1.0	4.6
Fin., Ins., & Real Estate	105.9	0.9	4.7	5680	0.4	3.4
Services	416.2	1.6	5.5	20759	1.0	4.8
Government	292.1	0.0	2.2	15976	0.4	0.8
Average Weekly Hours*						
Mining	38.7	-0.5	12.4	43.5	0.5	2.1
Construction	38.9	5.1	2.1	38.6	1.3	1.6
Manufacturing	40.2	-1.2	0.5	40.5	-0.7	0.2
Durables	41.0	-1.9	0.5	41.2	-0.5	0.5
Nondurables	39.1	-0.5	0.5	39.4	-1.0	-0.8
Trans., Comm., & Public Utilities	37.5	-2.8	-2.3	39.6	0.3	1.0
Trade	30.3	-1.0	-0.3	32.1	-0.6	0.3
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.6	0.5	1.1
Services	n.a.	n.a.	n.a.	32.7	0.0	0.0
Average Hourly Wage						
Mining	13.10	0.2	9.6	11.60	0.2	2.8
Construction	15.52	3.5	5.7	12.03	0.6	1.1
Manufacturing	9.55	-1.0	0.6	9.18	0.7	3.8
Durables	9.70	-0.3	0.2	9.72	0.5	3.5
Nondurables	9.35	-1.9	1.3	8.40	1.1	3.7
Trans., Comm., & Public Utilities	11.48	2.6	4.6	11.21	1.4	3.7
Trade	7.43	-1.2	1.5	6.74	0.1	3.4
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	7.67	1.2	5.2
Services	n.a.	n.a.	n.a.	7.60	0.5	4.4
Estimates of Labor Turnover (Mfg. Only)			Estimates of Labor Turnover have been discontinued as of January 1, 1982.			

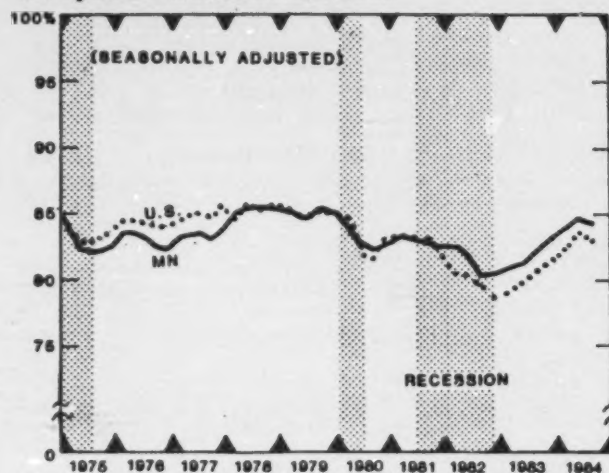
a Values are numerical values, not percent changes.

Labor Market Conditions

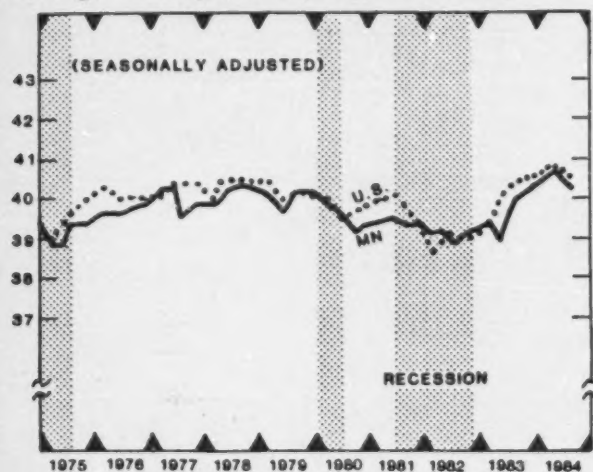
Ratio of Service to Goods Producing Jobs



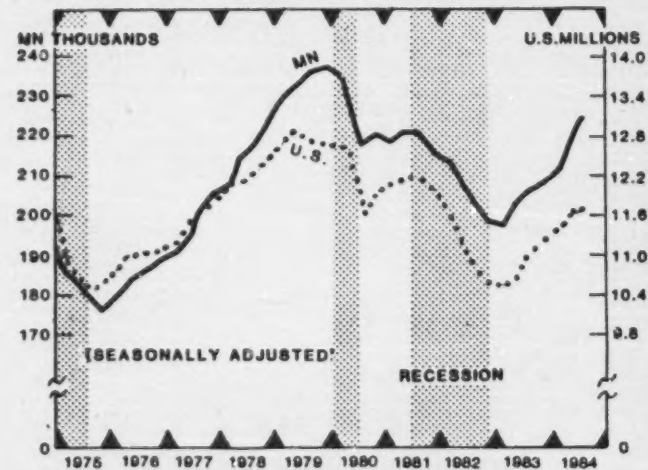
Manpower Utilization Rate



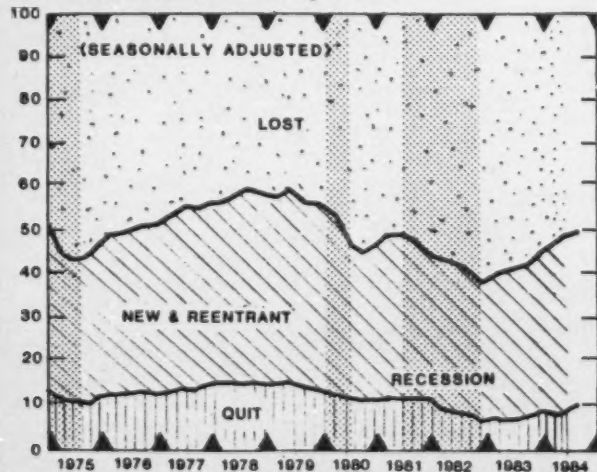
Average Weekly Hours, Manufacturing



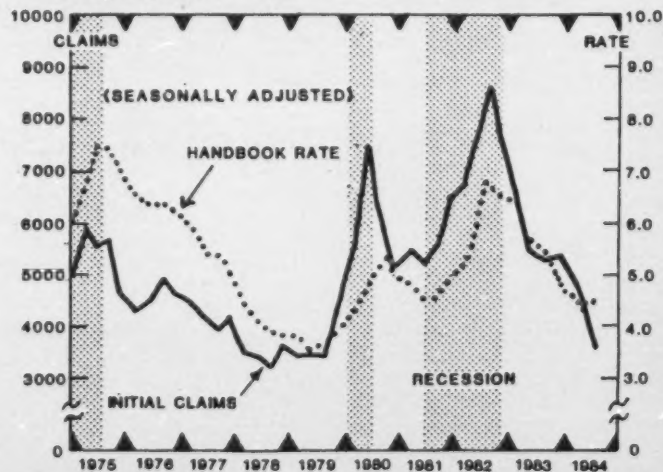
Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate¹



Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from

extended programs is reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	Third Quarter 1984			October 1984			Percent Long Term
	Number	Percent Change From		Number	Percent Change From		
		Last Qtr.	Year Ago		Month Ago	Year Ago	
<u>By Age & Sex</u>							
Male	14309	-35.6	-26.9	13728	0.5	-24.3	17.4
Under 45	11092	-34.7	-25.3	10735	-1.7	-21.3	15.6
Under 25	2278	-40.7	-31.0	2553	25.1	-14.0	10.4
25-34	5607	-35.0	-24.2	5335	0.0	-22.0	15.9
35-44	3207	-29.0	-22.9	2847	-10.5	-25.5	19.9
45 and Over	3217	-38.3	-31.9	2993	-3.5	-33.5	23.7
45-54	1783	-37.8	-31.1	1714	-2.9	-34.0	21.0
55 and Over	1434	-39.0	-32.8	1279	-4.4	-32.9	27.3
Female	10986	-2.4	-11.7	8819	0.5	-8.2	24.6
Under 45	8084	-1.0	-11.3	6592	1.1	-7.6	22.9
Under 25	1599	-14.4	-23.1	1487	10.7	-17.8	15.2
25-34	3953	3.1	-5.9	3128	-3.2	-4.6	24.6
35-44	2532	2.9	-10.7	1977	1.5	-3.4	26.1
45 and Over	2902	-6.2	-12.6	2227	-1.3	-9.7	29.7
45-54	1667	-2.3	-10.9	1298	-1.8	-7.4	27.6
55 and Over	1235	-11.0	-14.8	929	-0.6	-12.8	32.6
<u>By Industry</u>							
Ag., For., Fish.	25295	-24.4	-21.0	22547	0.5	-18.7	20.2
Mining	262	-49.0	-19.4	265	8.6	-27.2	10.9
Construction	1179	202.3	-45.1	561	-68.6	-82.2	1.3
Manufacturing	1969	-73.4	-38.5	2138	23.7	-27.5	7.7
Pub. Utilities	6956	-21.8	-13.1	6910	9.2	8.3	19.0
Wholesale Trade	1129	-28.0	-29.4	1101	9.3	7.0	24.7
Retail Trade	1722	-15.1	-27.1	1803	10.1	-12.0	21.4
Fin., Ins., Real Est.	3165	-19.3	-33.3	2841	3.0	-24.0	23.4
Services	966	6.6	-2.0	1016	5.3	11.8	25.8
Public Admin.	6987	4.0	-5.6	4889	-4.2	-12.5	27.1
Inf. Not Available	562	-7.4	-8.0	596	12.5	-19.5	17.9
	398	-22.6	-37.2	427	21.0	-48.9	2.3
<u>By Occupation</u>							
Prof., Tech., Mgr.	25295	-24.4	-21.0	22547	0.5	-18.7	20.2
Clerical	5506	12.6	-12.3	4227	-3.9	-13.4	29.0
Sales	3716	0.2	-19.1	3263	-0.1	-18.1	26.7
Services	1177	-9.2	-23.3	1138	5.3	-15.6	26.2
Farm., For., Fish.	2438	-10.5	-14.2	2160	11.1	-16.0	23.0
Processing	194	-57.5	-14.9	238	31.5	-20.7	9.8
Machine Trade	1031	-44.2	-24.2	856	-5.0	3.0	19.1
Benchwork	1559	-14.3	-21.4	1619	9.8	-3.4	17.8
Structural Work	2344	-12.4	-6.0	2591	19.5	20.8	14.6
Misc.	2995	-64.4	-32.7	3093	18.0	-23.3	10.0
Inf. Not Available	4023	-23.9	-29.9	3083	-25.5	-45.0	14.7
	312	-9.6	-39.3	279	4.1	-24.6	32.4
<u>By Duration</u>							
0-14 Weeks	25295	-24.4	-21.0	22547	0.5	-18.7	---
15+ Weeks (Long-Term)	20111	-19.3	-14.7	17993	1.6	-15.5	---
	5184	-39.2	-38.6	4554	-3.8	-29.2	---

Labor Market Conditions

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Oct. 1984	Sept. 1984	Oct. 1983	Sept. 1984	Oct. 1983	Oct. 1984	Sept. 1984	Oct. 1984	Sept. 1984	Oct. 1984	Sept. 1984
TOTAL NONAGRICULTURAL	1877.8	1863.9	1760.5	0.7	6.7						
MANUFACTURING	377.0	383.5	354.3	-1.7	6.4	388.00	385.60	9.70	9.64	40.0	40.0
Durable Goods	227.6	228.6	211.6	-0.4	7.5	401.23	404.74	9.81	9.80	40.9	41.3
Furniture, Lumber and Wood	16.7	17.0	15.2	-1.9	9.6	413.00	439.93	10.00	10.16	41.3	43.3
Stone, Clay and Glass	9.9	9.9	9.5	0	3.9	378.38	382.77	10.09	10.18	37.5	37.6
Primary Metals	5.9	6.0	5.7	-1.6	5.1	364.70	369.87	9.28	9.27	39.3	39.9
Fabricated Metals	34.2	34.6	33.3	-1.0	2.6	464.25	459.80	11.08	11.00	41.9	41.8
Nonelectrical Machinery	90.5	90.0	82.9	0.5	9.2	412.41	414.54	9.89	9.87	41.7	42.0
Electrical Machinery	29.3	29.7	26.5	-1.6	10.5	331.30	324.00	8.16	8.00	40.6	40.5
Transportation Equipment	7.3	7.6	6.2	-4.0	16.4	454.33	463.97	10.64	10.74	42.7	43.2
Other Durable Goods ^{2/}	33.9	33.8	32.3	0.3	4.9	375.48	378.58	9.53	9.56	39.4	39.6
Nondurable Goods	149.4	154.9	142.7	-3.5	4.7	370.15	360.79	9.54	9.42	38.8	38.3
Food and Kindred	47.3	52.5	46.3	-10.1	2.2	308.61	288.46	8.10	7.86	38.1	36.7
Textile and Apparel	5.4	5.5	5.0	-1.4	7.0	226.50	228.46	6.04	6.06	37.5	37.7
Paper and Allied	33.6	33.8	32.4	-0.7	3.5	490.62	492.76	11.49	11.54	42.7	42.7
Printing and Publishing	40.7	40.7	37.2	0	9.5	373.32	373.32	10.37	10.37	36.0	36.0
Chemical and Petroleum	9.7	9.6	9.3	0.9	3.9	460.08	461.55	11.36	11.23	40.5	41.1
Rubber and Leather	12.8	12.8	12.5	0.5	3.0	311.59	312.80	8.01	8.00	38.9	39.1
NONMANUFACTURING	1500.7	1480.4	1406.1	1.4	6.7						
Mining and Quarrying	10.4	9.3	7.7	11.7	35.1	499.49	511.29	13.11	13.01	38.1	39.3
Metal Mining	8.1	6.9	5.4	17.5	49.7	508.72	525.46	14.21	14.24	35.8	36.9
Construction	85.2	85.4	71.4	-0.3	19.4	586.58	584.15	14.85	14.94	39.5	39.1
Building	23.7	23.2	20.2	2.1	17.2	540.77	535.15	13.76	13.90	39.3	38.5
Highway and Heavy	16.3	17.3	13.7	-5.8	19.2	561.38	575.09	13.24	13.16	42.4	43.7
Special Trades	45.2	44.9	37.4	0.6	20.6	620.24	612.75	16.11	16.34	38.5	37.5
Transportation	64.3	63.6	61.5	1.1	4.7						
Railroads	10.0	10.2	11.0	-1.5	-9.3						
Trucking and Warehousing	26.0	25.9	24.7	0.4	5.3	405.95	427.56	11.50	11.65	35.3	36.7
Public Utilities	34.5	34.6	34.3	-0.5	0.6	531.73	525.88	13.36	13.18	39.8	39.9
Communications	19.7	19.9	20.1	-0.7	-1.8	490.73	491.93	12.33	12.36	39.8	39.8
Elec., Gas and Sanitary	14.7	14.8	14.2	-0.2	3.9	580.15	565.20	14.54	14.13	39.9	40.0
Trade	473.6	472.6	436.0	0.2	8.6	221.56	224.96	7.41	7.40	29.9	30.4
Retail	356.4	355.3	325.1	0.3	9.6	179.03	182.25	6.44	6.44	27.8	28.3
General Merchandise	53.5	50.5	46.3	5.9	15.6	165.65	166.44	5.98	5.84	27.7	28.5
Food Stores	46.7	47.1	44.3	-0.7	5.6	210.50	214.91	7.36	7.36	28.6	29.2
Automotive	36.5	36.7	34.0	-0.4	7.4	308.18	307.80	8.78	8.55	35.1	36.0
Eating and Drinking	120.1	122.1	108.1	-1.6	11.1	102.13	103.03	4.46	4.46	22.7	23.1
Wholesale	117.2	117.3	110.8	-0.1	5.7	381.14	385.15	10.03	10.03	38.0	38.4
F.I.R.E.	106.4	106.7	101.9	-0.3	4.4						
Finance	48.6	48.9	48.8	-0.5	-0.4						
Insurance	38.3	38.2	36.0	0.4	6.5						
Real Estate	19.4	19.6	17.1	-0.9	13.7						
Service Industries	426.7	425.3	401.1	0.3	6.4						
Hotel and Lodging	23.6	24.9	21.0	-5.2	12.7						
Business Services	72.3	71.0	64.6	1.8	11.9						
Health Services	136.0	136.2	134.2	-0.1	1.3						
Private Education	24.8	21.9	24.8	13.2	0.1						
Soc. Serv., Museums etc.	91.4	90.8	85.8	0.6	6.5						
Government	299.7	282.9	292.4	5.9	2.5						
Federal	31.3	31.5	30.2	-0.7	3.7						
State	76.0	69.6	75.2	9.2	1.1						
Local	192.3	181.7	187.0	5.8	2.8						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Market Conditions

Labor Force Data: State, SMSAs, and Counties

Area or County	October, 1984 Prelim.			Area or County	October, 1984 Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
<u>State of Minnesota</u>	2254200	121016	5.4	Lake	4204	586	13.9
<u>Metropolitan Areas</u>				Lake of the Woods	1865	123	6.6
Duluth/Superior				Le Sueur	11490	899	7.8
(Duluth City Only)	35497	2934	8.2	Lincoln	3979	207	5.2
Fargo/Moorhead				Lyon	16161	686	4.2
(Clay County, MN Only)	27789	722	2.6	McLeod	17583	978	5.6
Minneapolis/St. Paul SMSA ^{2/}	1241688	54757	4.4	Mahnomen	2979	251	8.4
Rochester SMSA (Olmsted Co.)	60050	2459	4.1	Marshall	6536	594	9.1
St. Cloud SMSA ^{2/}	81968	5904	7.2	Martin	14233	766	5.4
				Meeker	11201	787	7.0
<u>Counties</u>				Mille Lacs	9348	669	7.2
Aitkin	5515	674	12.2	Morrison	13231	1186	9.0
Anoka	117586	5222	4.4	Mower	18174	1102	6.1
Becker	12702	1228	9.7	Murray	6381	394	6.2
Beltrami	17508	1353	7.9	Nicollet	15143	692	4.6
Benton	12815	1080	8.4	Nobles	12582	692	5.5
Big Stone	4194	231	5.5	Norman	4733	218	4.6
Blue Earth	29319	1245	4.2	Olmsted	60050	2459	4.1
Brown	15432	900	5.8	Otter Tail	25373	1783	7.0
Carlton	12140	1148	9.5	Pennington	6483	451	7.0
Carver	21946	708	3.2				
Cass	10732	866	8.1	Pine	9850	818	8.3
Chippewa	7532	392	5.2	Pipestone	6201	266	4.3
Chisago	15509	766	4.9	Polk	18879	1178	6.2
Clay	27789	722	2.6	Pope	5660	308	5.4
Clearwater	4180	561	13.4	Ramsey	276210	12620	4.6
Cook	2320	161	6.9	Red Lake	2277	235	10.3
Cottonwood	7709	420	5.4	Redwood	10866	407	3.7
Crow Wing	17654	1475	8.4	Renville	11758	795	6.8
Dakota	116302	5020	4.3	Rice	24135	1581	6.6
Dodge	8705	587	6.7	Rock	5985	195	3.3
Douglas	14095	871	6.2	Roseau	6058	379	6.3
Faribault	11192	505	4.5	St. Louis (Inc. Duluth)	87617	8570	9.8
Fillmore	12557	676	5.4	Scott	26176	1075	4.1
Freeborn	18437	1186	6.4	Sherburne	14977	1042	7.0
Goodhue	20540	1140	5.6	Sibley	8694	549	6.3
Grant	3601	185	5.1	Stearns	54176	3782	7.0
Hennepin	564748	25046	4.4	Steele	17146	1012	5.9
Houston	10792	472	4.4	Stevens	5978	212	3.5
Hubbard	5976	513	8.6	Swift	6609	523	7.9
Isanti	10935	669	6.1	Todd	11785	782	6.6
Itasca	17735	1712	9.7	Traverse	2911	118	4.1
Jackson	8012	331	4.1	Wabasha	9948	750	7.5
Kanabec	5789	538	9.3	Wadena	5572	426	7.6
Kandiyohi	19058	953	5.0	Waseca	9028	446	4.9
Kittson	3519	259	7.4	Washington	67900	2791	4.1
Koochiching	7921	732	9.2	Watsonwan	6903	331	4.8
Lac qui Parle	5900	317	5.4	Wilkin	4333	189	4.4
				Winona	23697	1404	5.9
				Wright	35311	1509	4.3
				Yellow Medicine	7885	336	4.3

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.64; employment was multiplied by 1.02. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

2/ Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

3/ Benton, Sherburne, and Stearns Counties.

Income & Purchasing Power

This section describes how Minnesotans fare with respect to their ability to acquire goods and services needed to meet their needs and wants and how they compare with others in the United States in this respect. Real Per Capita Personal Income measures money income received by all individuals from wages and salaries, dividends, rent, professional and farm income, personal interest payments, and transfer payments, less personal contributions for social security, all adjusted for the price level as indicated by the CPI

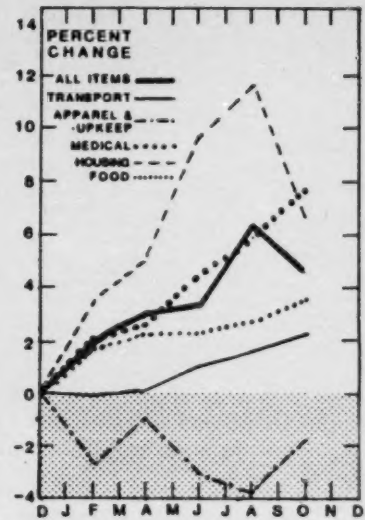
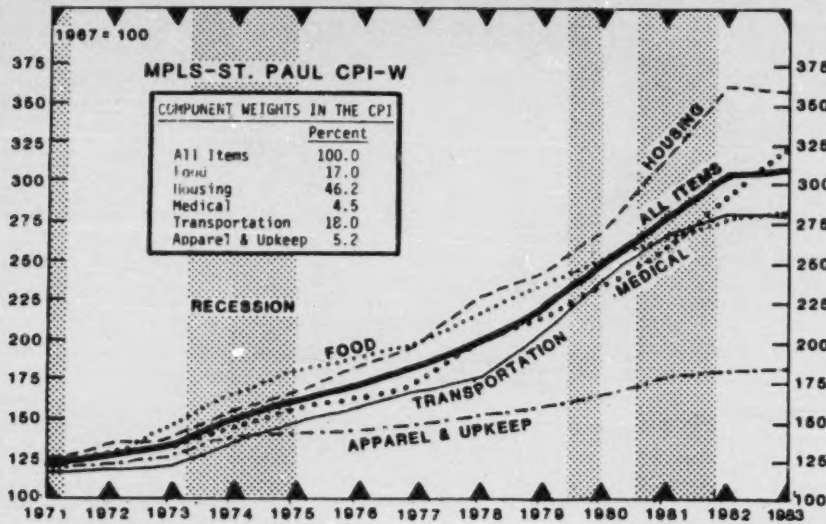
and for population. The Consumer Price Index (CPI) measures changes in the price of a representative combination of goods and services consumed by urban wage and salary workers relative to 1967. The inverse of the CPI (1/CPI) indicates the value of the dollar; when the CPI increases the value of the dollar falls. The change in the CPI over any period of time divided by the value at the beginning of the period gives the percentage change, or the rate of inflation.

Income And Purchasing Power	MINNESOTA			UNITED STATES		
	III Qtr. 1984	Percent Change from		III Qtr. 1984	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
<u>INCOME STATISTICS</u>						
Personal Income 1/*						
Total Personal Income (in Billions)	53.9	0.0	8.2	3047.6	2.1	10.3
Due to Labor 2/	n.a.	n.a.	n.a.	2016.9	48.1	59.7
Due to Property 3/	n.a.	n.a.	n.a.	744.6	47.6	39.4
Due to Transfer Payments 4/	n.a.	n.a.	n.a.	419.5	6.8	5.5
Total Disposable Personal Income	n.a.	n.a.	n.a.	2604.8	2.0	10.0
As Percent of Total Pers. Inc.	n.a.	n.a.	n.a.	85.5	-0.1	-0.2
Per Capita Personal Income 5/						
Current dollar Value	12842	-0.2	7.4	12867	1.9	9.3
Real (1967) Dollar Value	3880	-2.0	0.5	4151	0.3	5.6
Real Median Family Money Income 5/*						
All Families	8913	-1.9	-0.1	9199	0.3	5.0
Four Person Families	9198	-1.8	-0.7	10725	0.2	5.0
Earnings of Production Workers in Mfg. 6/						
Average Weekly Earnings	381.82	-2.4	1.1	371.49	-0.1	4.2
Real Average Weekly Earnings 7/	115.35	-4.1	-5.4	119.84	-1.6	0.7
Income Related Criteria 8/						
Standard Budgets						
Low						
Moderate						
High						
Poverty Level Income						
Urban Family of Four	10200	---	3.0	10200	---	3.0
Nonurban Family of Four						
<u>MEASURES OF PRICE CHANGE AND INFLATION</u>						
Consumer Price Level (CPI) 9/	331.0	1.8	6.8	310.0	1.6	3.5
Food	309.4	0.5	4.6	303.7	0.6	3.9
Housing	395.2	3.2	10.9	333.2	2.6	2.8
Transportation	295.2	0.8	2.4	315.5	0.5	3.9
Medical	361.3	2.3	9.0	380.0	1.3	6.3
Purchasing Power of the Dollar (1/CPI)	.30	-1.8	-6.4	.32	-1.6	-3.4
Wholesale Price Index	n.a.	n.a.	n.a.	310.8	-0.2	2.1
Industrial Commodities	n.a.	n.a.	n.a.	323.3	0.0	2.0

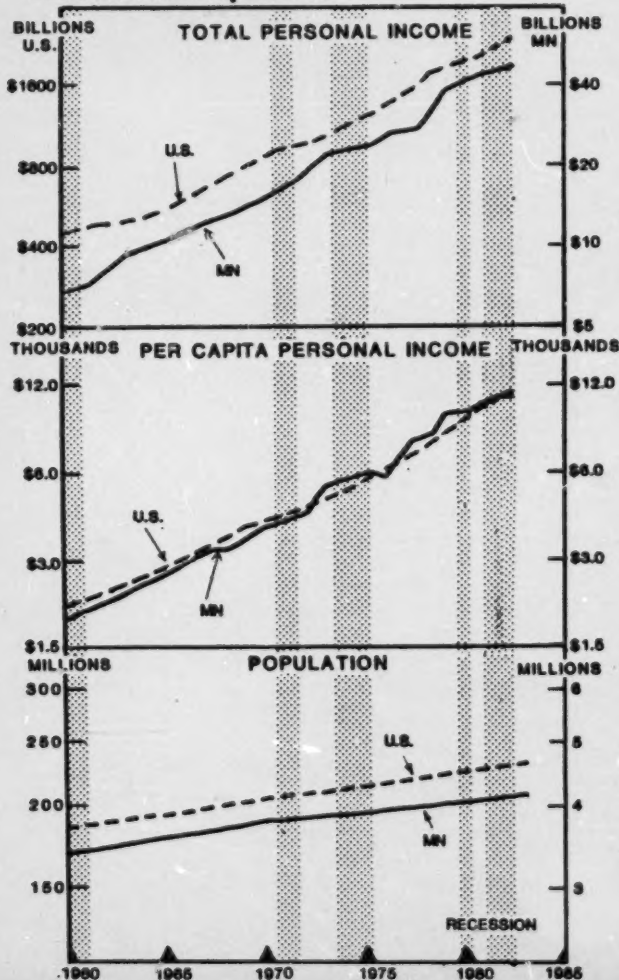
Income & Purchasing Power

Consumer Price Index- Major Components

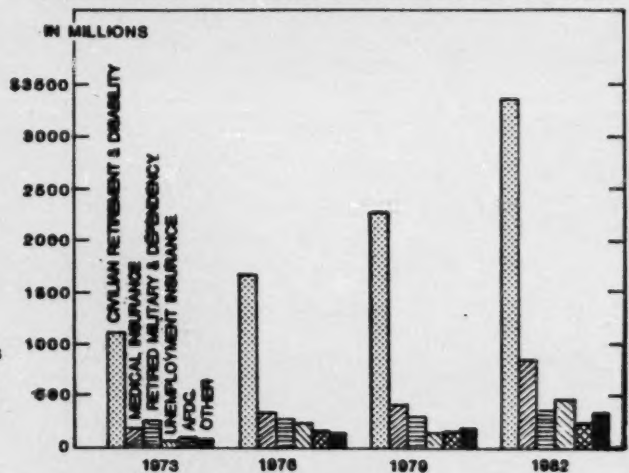
% Δ From Dec. 1983



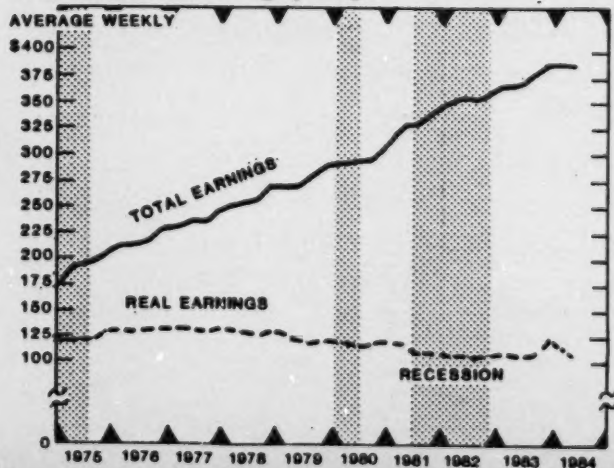
U.S. & MN Personal Income And Population



Government Transfer Payments To Individuals In Minnesota (Selected Years)



Minnesota Earnings, Mfg.



Output, Expenditures, Money, & Credit Conditions

The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination

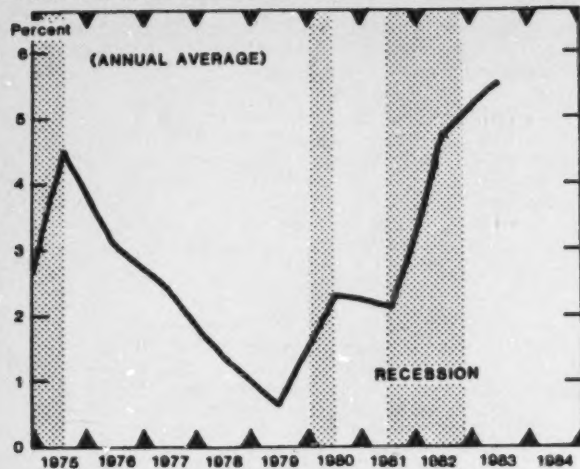
of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment. Unfortunately, most data of this kind is available only for the Nation. However, in an economy as interdependent as ours, analysis of the directions of change of key national indicators is a useful tool for understanding the course of the State economy.

Output, Expenditure, Money, And Credit Conditions	MINNESOTA			UNITED STATES		
	III Qtr. 1984	Percent Change from		III Qtr. 1984	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
OUTPUT AND EXPENDITURE						
Retail Sales (in millions of dollars)	2023	-3.7	9.2	107590	-0.7	8.8
Private Housing Units Authorized by Building Permits ^{1/}	25352	-15.9	5.2	1504	-14.4	-9.1
Index of Industrial Production ^{2/}	n.a.	n.a.	n.a.	165.7	1.6	9.2
Gross National Product (in billions of ^{3/} 1972 dollars)*	n.a.	n.a.	n.a.	1649.6	0.7	6.4
Personal Consumption Expenditures	n.a.	n.a.	n.a.	1064.6	0.1	4.8
Durable Goods	n.a.	n.a.	n.a.	177.0	-0.9	10.9
As Percent of Pers. Cons.	n.a.	n.a.	n.a.	16.6	-1.2	5.7
Nondurable Goods	n.a.	n.a.	n.a.	396.1	-0.1	4.6
Services	n.a.	n.a.	n.a.	491.5	0.5	2.9
Gross Private Domestic Investment	n.a.	n.a.	n.a.	299.2	5.4	29.7
As Percent of GNP	n.a.	n.a.	n.a.	18.1	4.6	21.5
Nonresidential, Fixed	n.a.	n.a.	n.a.	206.8	1.9	19.8
Residential	n.a.	n.a.	n.a.	61.2	0.7	7.0
Net Exports	n.a.	n.a.	n.a.	-22.7	#	#
Government Purchases	n.a.	n.a.	n.a.	308.4	2.1	5.6
Federal	n.a.	n.a.	n.a.	127.4	3.4	10.2
State and Local	n.a.	n.a.	n.a.	181.1	1.2	2.7
GNP Gap (Full Empl. Minus Present GNP) 1972 Dollars (in billions) Current Dollars (in billions)						
Current Federal Budget Deficit ^{4/} As Percent of GNP	n.a.	n.a.	n.a.	-4.8	-4.6	-5.4
Inventory to Sales: Durable Goods in Mfg.	n.a.	n.a.	n.a.	1.88	1.6	-3.6
New Orders to Shipments: Durable Goods	n.a.	n.a.	n.a.	1.01	-1.3	-1.6
Plant Capacity Utilization Rate in Mfg. ^{5/}	n.a.	n.a.	n.a.	82.6	1.0	6.7
MONEY AND CREDIT CONDITIONS						
Interest Rates						
Discount Rate	9.00	0.4	5.9	9.00	0.4	5.9
Prime Rate	n.a.	n.a.	n.a.	12.99	5.5	20.3
Rate on Conventional Mortgages	12.10	6.1	-1.5	12.68	4.4	-0.4
Federal Funds Rate	n.a.	n.a.	n.a.	11.39	7.9	20.4
Consumer Installment Credit Outstanding As Percent of Disposable Personal Income	n.a.	n.a.	n.a.	443012	6.0	19.5
	n.a.	n.a.	n.a.	17.0	4.0	8.6

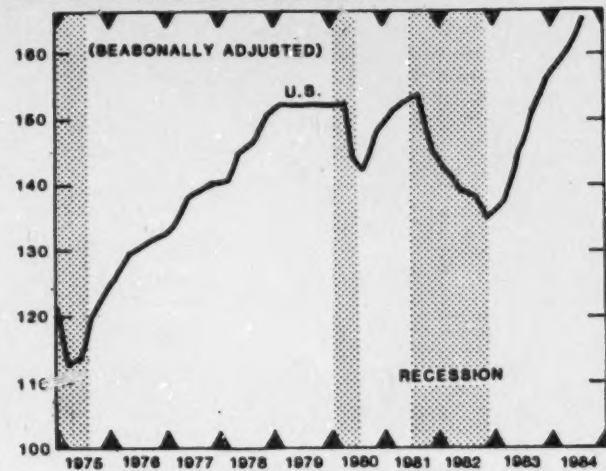
#Percent change not applicable

Output, Expenditures, Money, & Credit Conditions

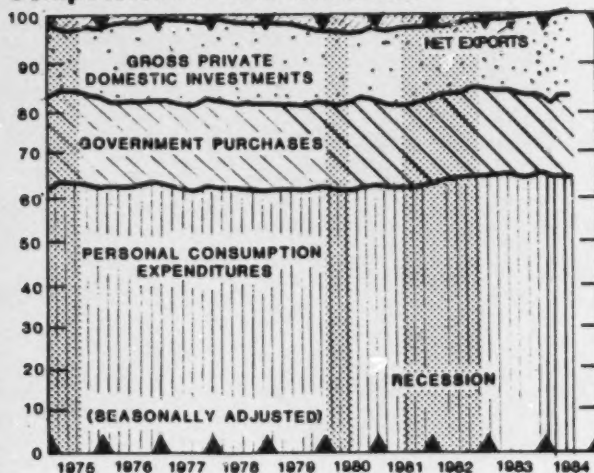
Federal Deficit as % of GNP (Current Dollars)



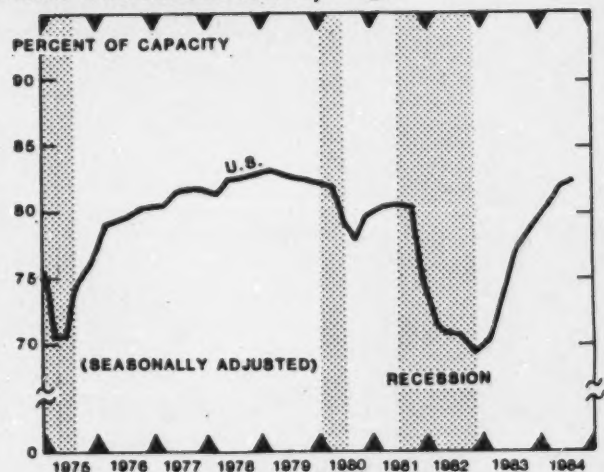
Index of Industrial Production



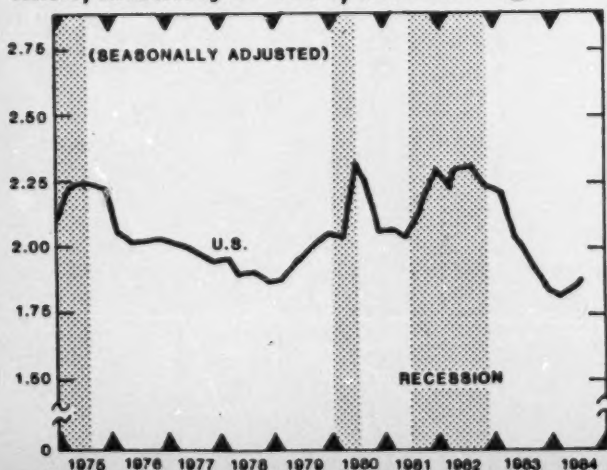
Composition of GNP in Percent



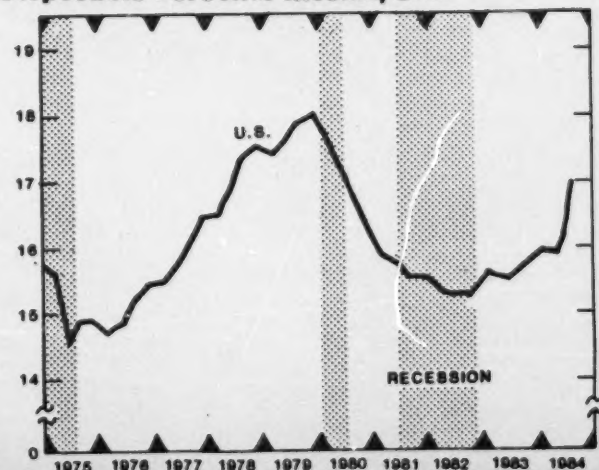
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.



Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.



Technical Notes

For the reader's convenience the notes which follow are organized in sequence for the pages which appear in the statistical section. Each note corresponds to the footnote or reference notation for the given page.

* Wherever an asterik appears the data is seasonally adjusted.

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- 1/ Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.
- 2/ Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

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- 1/ The handbook unemployment rate is the estimate of unemployment prior to the Current Population Survey (CPS) adjustment.

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- 1/ In billions of dollars at an annual rate.
- 2/ The contribution to total Personal Income of wages, salaries, and other labor income. Percent change entry in Labor Income Impact is the percent that the change in labor income comprises of the change in total Personal Income. This is not available for Minnesota on a quarterly basis.
- 3/ The figure for the quarter is the contribution to total Personal Income of proprietor's rental, dividend, and interest income. The percent change entry in Property Income Impact is analogous to the Labor Income Impact described in 2/ above.
- 4/ The contribution to total Personal Income of transfer payments (unemployment compensation, AFDC, etc.) The percent change entry is analogous to the Labor Income Impact in 2/ above.
- 5/ In dollars at an annual rate.
- 6/ In dollars per week.
- 7/ Real average weekly earnings are the average weekly earnings of production workers in manufacturing divided by the CPI.
- 8/ Annual data.
- 9/ Value is CPI-W (Urban Wage earners and clerical workers).

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- 1/ U.S. data annualized in thousands. Source: Bureau of the Census.
- 2/ Base Year is 1967. Source: Federal Reserve Board.
- 3/ Totals may not add due to rounding.
- 4/ Values shown in percent change columns are deficit as percent of GNP for period cited.
- 5/ Source: Federal Reserve Board.

Available Publications

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

1984 Minnesota Salary Survey by Area (September 1984)

1984 Minnesota Hospitals and Nursing Homes Salary Survey (September 1984)

1984 Minnesota Wage Data by Industry and Size of Firm (September 1984)

Important Minnesota Occupations by Industry (August 1984)

Labor Market Information Summary for 1985 for Minneapolis-St. Paul SMSA (May 1984), St. Cloud SMSA (June 1984), Duluth SMSA (Sept. 1984), and Minnesota April 1984)

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings, January 1950 - December 1983 (April 1984)

Employment, Hours, and Earnings, January 1970 - February 1984, Minneapolis - St. Paul Area (April 1984)

1982 Occupational Employment Statistics in Minnesota (April 1984)

Minnesota Labor Market Information Directory (June 1984)

Minnesota Employment and Wage Data by County (First Quarter 1984) Limited number available for 1975-1982

Average Covered Employment & Wages by Economic Region for the Calendar Year 1983 by Two Digits of Industry (also available for 1976-82)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950 - 1978

Cyclical Sensitivity in Minnesota (August 1981)

Write to: Director, Research and Statistical Services Office
Minnesota Department of Economic Security
390 North Robert Street
St. Paul, Minnesota 55101

CURRENT MINNESOTA LABOR MARKET CONDITIONS

October 1984 Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

Weaknesses in some of the Nation's key economic indicators in September together with considerable strength in others made it difficult to determine the direction of the Nation's economy. However, most economists believe that economic growth is merely slowing down and that a recession is not likely to occur in the foreseeable future.

Labor markets, in general, were relatively uneventful in September as the unemployment rate fell and overall employment rose slowly. The seasonally adjusted unemployment rate dropped to 7.4 percent in September after being at 7.5 percent in August, July and May. Total employment, also seasonally adjusted, rose by a more modest 270,000 after gains of 426,000 in August and 353,000 in July. Meanwhile, seasonally adjusted nonfarm payroll employment rose by a comparatively small 139,000 as a strong gain of 229,000 in the services-producing industries was partially offset by a decline of 90,000 in the goods-producing industries.

Contrasting trends in selected other than labor market statistics were evidenced in September. Both the retail sales and personal consumption expenditures reports showed that consumer spending, buoyed by strong gains in personal income, picked up in September after poor performances during the summer. Also, housing starts rose substantially in September, reflecting the easing of interest rates. On the other hand, new orders for durable goods and industrial production fell rather sharply in September, most probably as a result of the combination of auto strikes, increasing imports and a relatively high level of inventories. However, new orders for machine tools exhibited renewed strength in September, suggesting further gains for October.

State

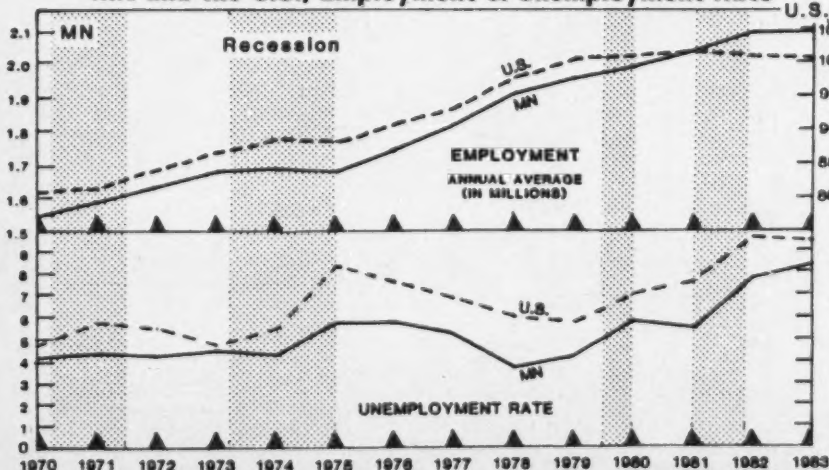
Although seasonally adjusted labor force data indicate that there has been some deterioration in the State's economy, Department analysts believe that the data has been distorted by adjustments required by federal regulations and that, in particular, unemployment has changed little in the past few months. Moreover, seasonally adjusted nonfarm payroll employment, which is not subject to adjustment other than for seasonality, continued to show solid growth in September.

According to seasonally adjusted data, Minnesota's unemployment rate rose 0.2 of a point to 6.5 percent in September. However, the 0.3 of a point drop in the unadjusted unemployment rate was slightly more the average August to September decline over the past fourteen years, suggesting that the rate was little changed in September. There may have been a small decrease in seasonally adjusted total employment since the unadjusted employment figures show a larger than normal drop in September. Meanwhile, seasonally adjusted nonfarm payroll employment showed a gain of 7,800 in September, not far below the average monthly increase during the first eight months of 1984. The September payroll employment growth, however, was almost exclusively in the trade, services, and government sectors, while employment in mining, construction and manufacturing has risen quite slowly since July.

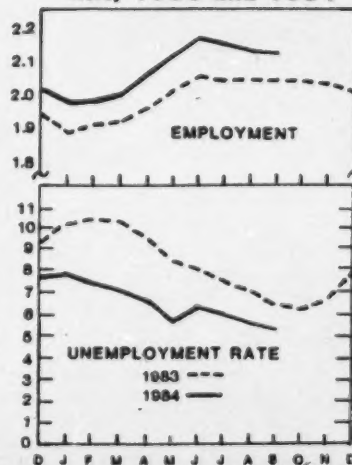
Other indicators for September show some divergent trends. Although seasonally adjusted average weekly initial claims for unemployment benefits fell to their lowest level since October 1979, seasonally adjusted private housing permits dropped sharply in September and are at their lowest since July of last year.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	September 1984	Change		September 1984	Change	
		Last Mo.	From Year Ago		Last Mo.	From Year Ago
Civilian Labor Force	2250.7	-12.8	67.4	113.8	-1.2	1.6
Employed	2128.3	-7.0	84.9	105.8	-0.9	3.4
Unemployed	122.4	-5.8	-17.5	8.0	-0.3	-1.8
Unemployment Rate						
Actual	5.4	-0.3	-1.0	7.1	-0.2	-1.7
Seasonally Adjusted	6.5	0.2	-1.2	7.4	-0.1	-1.8

MN and the U.S., Employment & Unemployment Rate



MN, 1983 and 1984



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Sept. 1984	Aug. 1984	Sept. 1983	Aug. 1984	Sept. 1983	Sept. 1984	Aug. 1984	Sept. 1984	Aug. 1984	Sept. 1984	Aug. 1984
TOTAL NONAGRICULTURAL	1862.4	1840.1	1749.6	1.2	6.5						
MANUFACTURING	383.3	384.1	359.3	-0.2	6.7	384.71	379.60	9.57	9.49	40.2	40.0
Durable Goods	228.1	228.6	210.7	-0.2	8.2	402.68	393.98	9.75	9.68	41.3	40.7
Furniture, Lumber and Wood	17.0	17.2	15.6	-1.2	9.2	438.76	409.44	10.18	10.06	43.1	40.7
Stone, Clay and Glass	9.9	10.0	9.6	1.0	3.1	385.82	390.75	10.18	10.31	37.9	37.9
Primary Metals	6.0	6.1	5.6	-2.2	6.0	361.82	366.11	9.16	9.13	39.5	40.1
Fabricated Metals	34.5	34.5	33.2	0	4.0	450.84	445.30	10.76	10.73	41.9	41.5
Nonelectrical Machinery	89.8	89.8	81.8	0	9.7	412.72	404.33	9.85	9.79	41.9	41.3
Electrical Machinery	29.9	29.8	26.3	0.5	13.9	322.79	312.82	7.97	7.84	40.5	39.9
Transportation Equipment	7.5	7.5	6.5	-0.8	15.8	471.74	448.80	10.92	10.61	43.2	42.3
Other Durable Goods ^{2/}	33.5	33.6	32.1	-0.4	4.1	380.65	377.70	9.54	9.49	39.9	39.8
Nondurable Goods	155.2	155.5	148.5	-0.2	4.5	362.00	360.89	9.33	9.23	38.8	39.1
Food and Kindred	52.8	52.8	52.1	0	1.3	299.12	303.80	7.81	7.75	38.3	39.2
Textile and Apparel	5.4	5.6	5.2	-2.1	5.0	226.95	220.22	6.02	5.92	37.7	37.2
Paper and Allied	33.7	34.1	32.6	-1.2	3.3	486.35	478.40	11.39	11.23	42.7	42.6
Printing and Publishing	40.9	40.6	36.8	0.8	11.0	373.64	372.01	10.35	10.22	36.1	36.4
Chemical and Petroleum	9.6	9.8	9.4	-1.8	3.0	452.06	435.63	11.08	11.17	40.8	39.0
Rubber and Leather	12.8	12.7	12.4	1.0	3.0	311.20	306.02	8.00	7.99	38.9	38.3
NONMANUFACTURING	1479.1	1456.0	1390.3	1.6	6.4						
Mining and Quarrying	9.4	9.5	7.6	-1.4	23.2	506.86	513.52	12.93	13.10	39.2	39.2
Metal Mining	6.0	7.0	5.2	-1.2	32.4	521.26	533.63	14.05	14.23	37.1	37.5
Construction	85.1	85.2	71.2	-0.1	19.5	582.73	582.91	14.79	14.72	39.4	39.6
Building	23.3	23.1	19.4	0.6	19.9	535.38	584.54	13.87	13.66	38.6	38.4
Highway and Heavy	17.3	17.2	14.5	0.2	19.3	582.56	586.04	13.18	13.14	44.2	44.6
Special Trades	44.5	44.8	37.3	-0.6	19.4	609.52	611.58	16.04	16.01	38.0	38.2
Transportation	63.8	61.3	60.9	3.9	4.7						
Railroads	10.4	10.3	11.1	0.9	-6.0						
Trucking and Warehousing	25.9	25.8	24.7	0.4	5.2	426.02	426.14	11.64	11.58	36.6	36.8
Public Utilities	34.7	34.7	34.3	-0.1	1.1	522.29	518.09	13.09	13.05	39.9	39.7
Communications	20.1	20.0	20.1	0.6	0.2	487.52	486.72	12.28	12.26	39.7	39.7
Elec., Gas and Sanitary	14.6	14.7	14.2	-1.0	2.4	563.00	555.61	14.04	13.96	40.1	39.8
Trade	471.6	468.4	437.8	0.7	7.7	226.44	227.18	7.40	7.40	30.6	30.7
Retail	354.8	351.6	326.8	0.9	8.6	183.61	184.18	6.42	6.44	28.6	28.6
General Merchandise	50.2	48.8	44.6	2.9	12.4	168.76	170.52	5.88	5.88	28.7	29.0
Food Stores	47.1	47.1	45.2	-0.1	4.2	220.21	219.78	7.49	7.45	29.4	29.5
Automotive	36.8	36.5	34.2	0.9	7.6	301.39	310.06	8.19	8.38	36.8	37.0
Eating and Drinking	122.0	121.2	111.3	0.7	9.6	105.08	105.78	4.51	4.54	23.3	23.3
Wholesale	116.9	116.8	111.0	0.1	5.3	387.07	384.53	10.08	10.04	38.4	38.3
F.I.R.E.	106.9	107.0	101.9	-0.1	4.9						
Finance	49.0	49.1	48.7	-0.2	0.6						
Insurance	30.3	38.0	35.9	0.6	6.7						
Real Estate	19.6	19.9	17.3	-1.5	13.2						
Service Industries	424.9	421.3	401.1	0.9	6.0						
Hotel and Lodging	24.9	26.1	22.2	-4.6	12.5						
Business Services	70.7	70.2	64.1	0.7	10.4						
Health Services	136.1	136.5	134.6	-0.3	1.1						
Private Education	22.4	17.9	22.1	25.1	1.5						
Soc. Serv., Museums etc.	90.5	90.2	85.5	0.3	5.9						
Government	282.8	268.6	275.6	5.3	2.6						
Federal	31.6	31.7	30.5	-0.4	3.5						
State	69.5	64.4	68.5	7.8	1.3						
Local	181.8	172.5	176.5	5.4	3.0						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, SMSAs, and Counties

Area or County	September, 1984 Prelim.			Area or County	September, 1984 Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
<u>State of Minnesota</u>	2250678	122427	5.4	Lake	4184	468	11.2
<u>Metropolitan Areas</u>				Lake of the Woods	1963	121	6.2
Duluth/Superior (Duluth City Only)	34771	2585	7.4	Le Sueur	13204	779	5.9
Fargo/Moorhead (Clay County, MN Only)	27422	892	3.3	Lincoln	4105	186	4.5
Minneapolis/St. Paul SMSA ^{2/}	1226573	53655	4.4	Lyon	15963	664	4.2
Rochester SMSA ^{3/} (Olmsted Co.)	59966	2353	3.9	McLeod	19064	910	4.8
St. Cloud SMSA	80782	5660	7.0	Mahnomen	3017	266	8.8
<u>Counties</u>				Marshall	6545	596	9.1
Aitkin	5613	649	11.6	Martin	14636	928	6.3
Anoka	116392	5355	4.6	Meeker	11514	794	6.9
Becker	13030	1225	9.4	Mille Lacs	9342	648	6.9
Beltrami	17092	1247	7.3	Morrison	13234	1118	8.4
Benton	12527	937	7.5	Mower	18371	1104	6.0
Big Stone	4266	226	5.3	Murray	6506	428	6.6
Blue Earth	29094	1138	3.9	Nicollet	14983	592	4.0
Brown	15864	809	5.1	Nobles	12827	812	6.3
Carlton	12109	1081	8.9	Norman	4785	214	4.5
Carver	21712	725	3.3	Olmsted	59966	2353	3.9
Cass	11152	868	7.8	Otter Tail	25504	1614	6.3
Chippewa	7688	420	5.5	Pennington	6482	445	6.9
Chisago	15273	704	4.6	Pine	9825	757	7.7
Clay	27422	892	3.3	Pipestone	5909	246	4.2
Clearwater	4301	601	14.0	Polk	18345	1171	6.4
Cook	2524	189	7.5	Pope	5784	312	5.4
Cottonwood	7775	379	4.9	Ramsey	272913	12435	4.6
Crow Wing	18499	1446	7.8	Red Lake	2281	237	10.4
Dakota	114837	4869	4.2	Redwood	11062	413	3.7
Dodge	8866	591	6.7	Renville	12178	802	6.6
Douglas	14177	792	5.6	Rice	24285	1471	6.1
Faribault	11592	427	3.7	Rock	6102	199	3.3
Fillmore	12739	702	5.5	Roseau	6350	399	6.3
Freeborn	18404	1177	6.4	St. Louis (Inc. Duluth)	99443	12376	13.8
Goodhue	20754	1121	5.4	Scott	25796	991	3.8
Grant	3597	158	4.4	Sherburne	14740	978	6.6
Hennepin	558057	24727	4.4	Sibley	9181	412	4.5
Houston	10581	430	4.1	Stearns	53515	3745	7.0
Hubbard	6271	533	8.5	Steele	17477	1179	6.7
Isanti	10924	699	6.4	Stevens	6047	241	4.0
Itasca	17908	1755	9.8	Swift	6719	583	8.7
Jackson	8169	329	4.0	Todd	12010	767	6.4
Kanabec	5739	525	9.1	Traverse	2957	111	3.8
Kandiyohi	19094	928	4.9	Wabasha	10542	676	6.4
Kittson	3615	252	7.0	Wadena	5599	407	7.3
Koochiching	7932	704	8.9	Waseca	9678	408	4.2
Lac qui Parle	5996	332	5.5	Washington	66824	2484	3.7
				Watonwan	6881	364	5.3
				Wilkin	4394	173	3.9
				Winona	23254	1398	6.0
				Wright	34769	1365	3.9
				Yellow Medicine	8038	345	4.3

Technical Notes:

^{1/} Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.66; employment was multiplied by 1.02. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

^{2/} Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

^{3/} Benton, Sherburne, and Stearns Counties.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

On an over-the-month basis, the total number of claimants for unemployment benefits declined by 3,053 or 12 percent in September. Another large decrease among claimants in the services industry caused by the normal rehiring of educational personnel accounted for 57 percent of the September drop in total claimants. However, claimants in most of the other industries did not decline as much in percentage terms as is normal for September. Moreover, the seasonally adjusted data for September showed little change in total claimants in September and even some increases in a few of the industries. Over-the-year, the number of claimants fell by 5584 or 20 percent. The largest over-the-year reductions in claimants were in the mining, construction and retail trade sectors.

Table 1. Distribution of Insured Unemployed, By Age and Sex, September, 1984.

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	22439	60.9	100.0	100.0
Under 45	17079	61.8	77.3	74.3
Under 25	3383	60.3	14.9	15.3
25-34	8567	62.3	39.1	36.8
35-44	5129	62.0	23.3	22.2
45 and Over	5360	57.9	22.7	25.7
45-54	3087	57.2	12.9	15.1
55 and Over	2273	58.9	9.8	10.6

Table 2. Distribution of Insured Unemployed By Industry and Occupation, September, 1984.

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term Unemployed ^{1/}	Women as Percent of Total
Total, All Industries	22439	100.0	21.1	39.3
Ag., For., Fish.	244	1.1	16.2	46.6
Mining	1788	8.0	0.6	4.1
Construction	1729	7.7	11.5	9.0
Manufacturing	6325	28.2	20.3	36.7
Pub. Utilities	1007	4.5	26.2	28.1
Wholesale Trade	1638	7.3	23.6	32.4
Retail Trade	2759	12.3	25.1	44.7
Fin., Ins., Real Est.	965	4.3	27.3	64.3
Services	5101	22.7	28.2	59.9
Public Admin.	530	2.4	22.1	56.7
Inf. Not Available	353	1.5	3.1	28.5
Total, All Occupations	22439	100.0	21.1	39.3
Prof., Tech., Mgr.	4397	19.6	28.3	48.6
Clerical	3267	14.5	27.5	83.3
Sales	1081	4.8	28.5	33.8
Services	1944	8.7	27.3	56.3
Farm., For., Fish.	181	0.8	15.4	24.6
Processing	901	4.0	16.1	34.0
Machine Trades	1474	6.6	19.9	14.3
Benchwork	2169	9.7	19.4	54.8
Structural Work	2621	11.7	12.7	4.6
Misc.	4136	18.4	11.4	12.0
Inf. Not Available	268	1.2	19.2	57.7

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 3. Experienced Supply/Job Openings Demand ^{1/}

Occupation	Applicants (Supply) Sept., 1984	Job Openings (Demand) Sept., 1984	Supply/Demand Ratio	
			Sept., 1984	Sept., 1983
Total	90958	21539	4.2	9.6
Prof., Tech., Mgr.	12087	1961	6.2	15.4
Clerical	16532	4426	3.7	8.6
Sales	4592	2389	1.9	3.8
Dom. Services	1426	242	5.9	11.3
Other Services	13097	5715	2.3	5.4
Farm., Fish., For.	3363	279	12.1	15.2
Processing	2039	1226	1.7	3.2
Machine Trades	5833	962	6.1	18.5
Benchwork	6080	1077	5.6	22.7
Structural Work	11581	1281	9.0	28.2
Mtr. Frght., Trans.	3790	740	5.1	7.2
Pkg. & Mat. Hndlg.	9373	1154	8.1	16.2
Other	1165	87	13.4	26.4

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

1/14/85

S4160-3

CURRENT MINNESOTA LABOR MARKET CONDITIONS

December, 1984 Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin. Nation State

Although the Nation's economy still appeared to be rather flat in November, developments in some of the key indicators were quite positive. Especially encouraging were further declines in interest rates.

The employment situation generally improved in November as the unemployment rate fell and both total and nonfarm payroll employment posted satisfactory gains. After averaging 7.4 percent over the past six months, the seasonally adjusted unemployment rate fell from 7.4 percent in October to 7.2 percent in November. Also, total employment (seasonally adjusted) rose by a still healthy 286,000 in November after a larger gain of 347,000 in October. Meanwhile, seasonally adjusted nonfarm payroll employment continued to climb briskly in November, increasing by 303,000 following a strong rise of 343,000 in October. However, over four-fifths of the November gain in payroll employment was in the service-producing industries, particularly in retail trade and business and health services. Employment in manufacturing has grown little since July as the textile and apparel industries have been hit very hard by increased imports.

Other economic reports for November gave out mixed signals. Retail sales rose sharply in November after several months of sluggishness while personal income and spending picked up after a weak October. However, industrial production, with a small gain in November after a decline in October, has essentially been flat since September. Although housing starts fell in November, housing permits, an indicator of future home building, rose strongly in November.

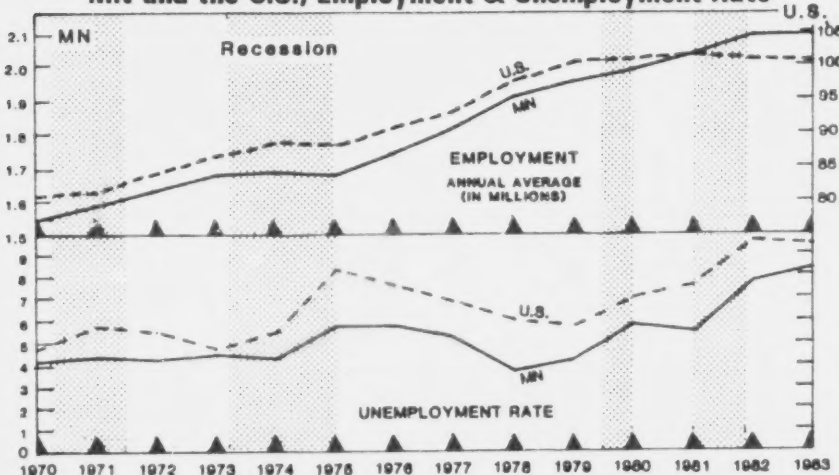
The Minnesota economy grew rather slowly in November as the unemployment rate rose and both total and nonfarm wage and salary employment registered small increases. However, the over-the-year improvement in unemployment and employment was quite substantial.

The seasonally adjusted unemployment rate rose 0.1 of a percentage point to 6.5 percent in November after a 0.2 of a point decline in October. Department analysts believe that the unemployment situation has been modestly deteriorating since August even with some statistical quirks due to adjustments required by federal regulations. Nevertheless, the rate was still well below the 7.2 percent of November 1983. Although total employment (seasonally adjusted) rose only 2,300 in November after a gain of 12,700 in October, it was nearly 78,000 above a year ago. Seasonally adjusted nonfarm payroll employment also climbed by a rather modest 4,700 in November following an increase of 16,100 in October. However, it was 114,000 above the November 1983 level. The largest over-the-month adjusted gains in payroll employment were in manufacturing (2,600) and services (2,400). Over-the-year, the strongest growth was in trade (36,000), services (26,000), and manufacturing (25,000).

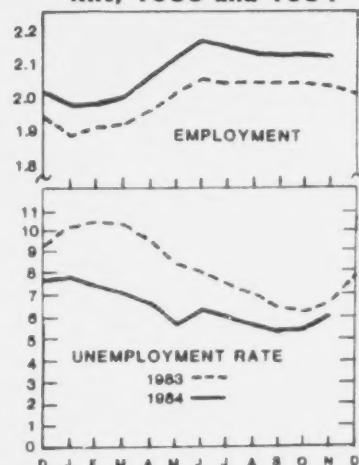
Developments in other available indicators in November also suggest that growth in the State's economy may be tapering off. Seasonally adjusted average weekly initial claims for unemployment benefits rose sharply for the second consecutive month while building permits for private housing, also seasonally adjusted, fell for the third month in a row.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	November 1984	Change Last Mo.	From Year Ago	November 1984	Change Last Mo.	From Year Ago
Civilian Labor Force	2244.3	-10.9	68.1	114.1	-0.1	2.0
Employed	2108.8	-25.2	77.9	106.2	0.0	3.2
Unemployed	135.5	14.3	-9.8	7.9	-0.1	-1.2
Unemployment Rate						
Actual	6.0	0.6	-0.7	6.9	-0.1	-1.2
Seasonally Adjusted	6.5	0.1	-0.7	7.2	-0.2	-1.2

MN and the U.S., Employment & Unemployment Rate



MN, 1983 and 1984



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Nov. 1984	Oct. 1984	Nov. 1983	Oct. 1984	Nov. 1983	Nov. 1984	Oct. 1984	Nov. 1984	Oct. 1984	Nov. 1984	Oct. 1984
TOTAL NONAGRICULTURAL	1876.2	1878.6	1760.3	-0.1	6.6						
MANUFACTURING	375.7	377.2	350.9	-0.4	7.0	390.57	390.91	9.74	9.70	40.1	40.3
Durable Goods	227.0	227.8	209.3	-0.4	8.5	403.85	403.60	9.85	9.82	41.0	41.1
Furniture, Lumber and Wood	16.6	16.6	15.1	.0	10.5	395.79	411.41	10.02	10.01	39.5	41.1
Stone, Clay and Glass	9.5	9.8	9.3	-3.3	1.8	382.02	379.76	10.16	10.10	37.6	37.6
Primary Metals	5.9	6.0	5.6	-0.7	6.3	379.76	362.61	9.24	9.18	41.1	39.5
Fabricated Metals	34.2	34.6	33.0	-1.1	3.7	460.64	461.47	11.02	11.04	41.8	41.8
Nonelectrical Machinery	90.5	90.3	82.9	0.2	9.1	421.00	419.74	10.00	9.97	42.1	42.1
Electrical Machinery	29.1	29.3	25.7	-0.8	13.3	326.02	331.71	8.11	8.15	40.2	40.7
Transportation Equipment	6.9	7.2	6.2	-4.2	11.5	463.84	453.65	11.15	10.75	41.6	42.2
Other Durable Goods ^{2/}	34.3	34.1	31.6	0.7	8.6	385.56	382.04	9.52	9.48	40.5	40.3
Nondurable Goods	148.7	149.4	141.6	-0.5	5.0	373.62	372.62	9.58	9.53	39.0	39.1
Food and Kindred	45.9	46.9	45.0	-2.2	1.9	317.38	318.33	8.18	8.10	38.8	39.3
Textile and Apparel	5.2	5.4	4.9	-4.3	5.3	226.81	226.78	6.13	6.08	37.0	37.3
Paper and Allied	33.6	33.5	32.6	0.3	3.3	490.78	489.34	11.44	11.46	42.9	42.7
Printing and Publishing	41.4	41.0	37.4	0.9	10.7	377.88	375.44	10.41	10.40	36.3	36.1
Chemical and Petroleum	9.6	9.6	9.3	0.1	3.9	442.80	451.67	11.21	11.32	39.5	39.9
Rubber and Leather	12.9	12.8	12.5	0.7	3.8	309.60	311.20	8.00	8.00	38.7	38.7
NONMANUFACTURING	1500.6	1501.4	1409.3	-0.1	6.5						
Mining and Quarrying	8.5	10.4	7.3	-18.4	17.2	500.91	495.30	12.91	13.00	38.8	38.1
Metal Mining	6.3	8.1	5.1	-21.4	24.1	518.84	504.87	13.91	13.87	37.3	36.4
Construction	81.9	85.4	68.0	-4.1	20.5	578.35	581.22	15.14	14.98	38.2	38.8
Building	22.9	23.7	20.4	-3.5	12.2	542.08	542.93	14.08	13.78	38.5	39.4
Highway and Heavy	14.2	16.4	11.7	-13.5	21.4	519.55	552.43	13.53	13.54	38.4	40.8
Special Trades	44.9	45.4	36.0	-1.0	25.0	615.50	612.25	16.24	16.24	37.9	37.7
Transportation	64.2	64.6	60.8	-0.5	5.5						
Railroads	10.0	10.0	11.1	-0.3	-10.2						
Trucking and Warehousing	26.3	26.3	24.5	0.3	7.3	412.25	411.26	11.58	11.52	35.6	35.7
Public Utilities	34.5	34.5	34.2	.0	0.8	524.96	527.87	13.29	13.33	39.5	39.6
Communications	19.8	19.8	20.1	.0	-1.6	481.38	481.38	12.28	12.28	39.2	39.2
Elec., Gas and Sanitary	14.7	14.7	14.1	-0.1	4.2	576.16	581.85	14.44	14.51	39.9	40.1
Trade	475.9	473.6	439.2	0.5	8.3	218.29	222.31	7.45	7.46	29.3	29.8
Retail	359.5	356.6	328.4	0.8	9.5	175.23	179.12	6.49	6.49	27.0	27.6
General Merchandise	56.2	53.2	49.0	5.6	14.8	162.16	163.03	5.94	5.95	27.3	27.4
Food Stores	46.6	46.7	44.2	-0.4	5.2	209.24	207.60	7.42	7.31	28.2	28.4
Automotive	36.4	36.5	34.0	-0.2	7.2	313.20	319.16	9.00	8.94	34.8	35.7
Eating and Drinking	119.5	120.5	106.9	-0.9	11.8	92.21	102.38	4.37	4.53	21.1	22.6
Wholesale	116.4	117.0	110.8	-0.5	5.0	380.14	385.44	10.03	10.09	37.9	38.2
F.I.R.E.	106.2	106.3	102.0	-0.1	4.1						
Finance	48.3	48.5	48.9	-0.4	-1.3						
Insurance	38.6	38.3	36.0	0.7	7.2						
Real Estate	19.3	19.5	17.1	-1.0	12.8						
Service Industries	426.6	427.4	400.5	-0.2	6.5						
Hotel and Lodging	23.1	23.8	20.9	-2.9	10.8						
Business Services	72.6	72.4	64.6	0.3	12.5						
Health Services	136.0	136.2	134.2	-0.2	1.3						
Private Education	25.2	24.8	25.2	1.6	0.2						
Soc. Serv., Museums etc.	91.7	91.2	86.2	0.6	6.4						
Government	302.7	299.2	297.2	1.2	1.8						
Federal	31.4	31.3	30.4	0.6	3.6						
State	76.1	76.0	76.1	0.2	0.1						
Local	195.1	191.9	190.8	1.7	2.3						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, SMSAs, and Counties

Area or County	November, 1984 Prelim.			Area or County	November, 1984 Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
<u>State of Minnesota</u>	2244302	135460	6.0	Lake	4239	700	16.5
<u>Metropolitan Areas</u>				Lake of the Woods	1942	199	10.2
Duluth/Superior (Duluth City Only)	34772	2770	8.0	Le Sueur	11350	971	8.6
Fargo/Moorhead (Clay County, MN Only)	28098	1482	5.3	Lincoln	3852	278	7.2
Minneapolis/St. Paul SMSA ^{2/}	1242876	55047	4.4	Lyon	16251	1101	6.8
Rochester SMSA ^{3/} (Olmsted Co.)	60515	2919	4.8	McLeod	17021	1097	6.4
St. Cloud SMSA ^{3/}	81603	6540	8.0	Mahnomen	2949	340	11.5
				Marshall	6415	756	11.8
				Martin	13954	806	5.8
				Meeker	10984	854	7.8
<u>Counties</u>				Millie Lacs	9263	824	8.9
Aitkin	5411	805	14.9	Morrison	13187	1501	11.4
Anoka	117814	5365	4.6	Mower	17900	1074	6.0
Becker	12570	1349	10.7	Murray	6165	476	7.7
Beltrami	17109	1632	9.5	Nicollet	15079	772	5.1
Benton	12708	1127	8.9	Nobles	12123	734	6.1
Big Stone	4087	302	7.4	Norman	4600	278	6.0
Blue Earth	29194	1401	4.8	Olmsted	60515	2919	4.8
Brown	15128	977	6.5	Otter Tail	25242	2258	8.9
Carlton	11995	1290	10.8	Pennington	6412	515	8.0
Carver	22021	767	3.5				
Cass	10433	1216	11.7	Pine	9793	996	10.2
Chippewa	7554	590	7.8	Pipestone	5994	300	5.0
Chisago	15545	791	5.1	Polk	17885	1447	8.1
Clay	28098	1482	5.3	Pope	5527	432	7.8
Clearwater	4139	737	17.8	Ramsey	276170	12381	4.5
Cook	2191	250	11.4	Red Lake	2213	289	13.1
Cottonwood	7454	490	6.6	Redwood	10689	534	5.0
Crow Wing	17487	1818	10.4	Renville	11897	968	8.1
Dakota	116486	5120	4.4	Rice	23805	1654	6.9
Dodge	8475	598	7.1	Rock	5752	226	3.9
Douglas	13944	1050	7.5	Roseau	6440	863	13.4
Faribault	10924	599	5.5	St. Louis (Inc. Duluth)	87717	11091	12.6
Fillmore	12417	873	7.0	Scott	26295	1175	4.5
Freeborn	17873	1244	7.0	Sherburne	14940	1189	8.0
Goodhue	20321	1341	6.6	Sibley	8302	509	6.1
Grant	3511	215	6.1	Stearns	53955	4224	7.8
Hennepin	564929	24818	4.4	Steele	16880	1055	6.3
Houston	10533	628	6.0	Stevens	5883	321	5.5
Hubbard	5935	691	11.6	Swift	6376	580	9.1
Isanti	10939	740	6.8	Todd	11498	1015	8.8
Itasca	17702	2471	14.0	Traverse	2810	193	6.9
Jackson	7880	367	4.7	Wabasha	9696	822	8.5
Kanabec	5721	666	11.6	Wadena	5571	566	10.2
Kandiyohi	18909	1225	6.5	Waseca	8930	514	5.8
Kittson	3436	285	8.3	Washington	67889	2731	4.0
Koochiching	7805	781	10.0	Watsonwan	6755	414	6.1
Lac qui Parle	5772	367	6.4	Wilkin	4173	196	4.7
				Winona	23227	1523	6.6
				Wright	35727	1899	5.3
				Yellow Medicine	7620	432	5.7

Technical Notes:

^{1/} Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is Applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.58; employment was multiplied by 1.02. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

^{2/} Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

^{3/} Benton, Sherburne, and Stearns Counties.

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

The total number of claimants for unemployment benefits rose by 7,951 or 35.3 percent between October and November. The November percentage gain was considerably larger than the average rise of 26.2 percent between October and November over the past six years. Also, most of the industry sectors experienced higher than average percentage increases in November. Moreover, seasonally adjusted data show that the total number of claimants rose by 11.5 percent in November. Over-the-year, the number of claimants dropped by 2,478 or 7.5 percent. The over-the-year declines, however, have been getting increasingly smaller in percentage terms since June and November's was the smallest since March 1983. The largest over-the-year decreases in claimants were in the mining, services and retail trade industries.

Table 1. Distribution of Insured Unemployed, By Age and Sex, November, 1984

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	30498	67.0	100.0	100.0
Under 45	23751	68.3	79.4	74.8
Under 25	5838	68.9	19.7	18.0
25-34	11626	69.9	39.8	34.8
35-44	6287	64.8	19.9	22.0
45 and Over	6747	62.4	20.6	25.2
45-54	3815	62.5	11.7	14.2
55 and Over	2932	62.4	8.9	11.0

Table 2. Distribution of Insured Unemployed By Industry and Occupation, November, 1984

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term Unemployed ^{1/}	Women as Percent of Total
Total, All Industries	30498	100.0	15.1	33.0
Ag., For., Fish.	676	2.2	4.3	18.5
Mining	1955	6.4	3.8	5.8
Construction	4791	15.7	3.8	5.8
Manufacturing	8478	27.8	17.3	36.6
Pub. Utilities	1271	4.2	18.1	22.3
Wholesale Trade	2059	6.8	17.9	27.3
Retail Trade	3375	11.1	18.6	43.0
Fin., Ins., Real Est.	1133	3.7	26.6	62.9
Services	5322	17.4	22.5	54.9
Public Admin.	908	3.0	10.4	38.3
Inf. Not Available	530	1.7	2.6	29.2
Total, All Occupations	30498	100.0	15.1	33.0
Prof., Tech., Mgr.	4325	14.2	27.9	44.4
Clerical	3306	10.8	24.5	81.6
Sales	1210	4.0	24.1	34.6
Services	2652	8.7	17.0	59.6
Farm., For., Fish.	687	2.2	2.6	18.2
Processing	979	3.2	16.3	28.5
Machine Trades	2034	6.7	15.9	14.3
Benchwork	3312	10.9	13.8	56.3
Structural Work	6081	19.9	5.4	3.8
Misc.	5602	18.4	9.4	10.0
Inf. Not Available	310	1.0	31.3	40.6

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 3. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) Nov., 1984	Job Openings (Demand) Nov., 1984	Supply/Demand Ratio	
			Nov., 1984	Nov., 1983
Total	115108	18391	6.3	9.8
Prof., Tech., Mgr.	14446	1588	9.1	13.0
Clerical	20560	3519	5.8	8.5
Sales	5723	2002	2.9	3.5
Dom. Services	1920	196	9.8	7.6
Other Services	19956	4749	4.2	6.1
Farm., Fish., For.	2312	272	8.5	9.8
Processing	2324	1190	2.0	5.7
Machine Trades	7348	749	9.8	15.6
Benchwork	8039	805	10.0	12.3
Structural Work	13844	926	15.0	24.7
Mtr. Frght., Trans.	4639	728	6.4	13.2
Pkg. & Mat. Hndlg.	12726	1584	8.0	20.1
Other	1271	83	15.3	20.0

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

REVIEW OF LABOR AND ECONOMIC CONDITIONS

Vol. 11 No. 4, Fourth Quarter 1984

February 1985 Issue

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MINNESOTA DEPARTMENT OF ECONOMIC SECURITY

RESEARCH AND STATISTICAL SERVICES OFFICE

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The Review of Labor and Economic Conditions is published quarterly by the Research and Statistical Services Office of the Minnesota Department of Economic Security, 390 North Robert Street, St. Paul, MN, 55101, in cooperation with the United States Department of Labor, Bureau of Labor Statistics, and the Employment and Training Administration. Current Minnesota Labor Market Conditions is published in the eight months for which no Review appears. Subscriptions and single copies are available without charge and may be obtained by writing to the editor.

Manuscripts of articles are welcomed and should be submitted to the Editor. Articles on labor market conditions and the economic welfare of Minnesota workers are preferred, but subjects which can be shown to be closely related to general economic conditions within the State will also be considered. Articles should be submitted complete with tables and graphs. Length generally should not exceed the equivalent of ten single-spaced typewritten pages, including graphs, references, and notes.

All signed articles appearing in this publication together with the Editorial Comment represent the views of the author or editor and not necessarily those of the Department. Questions or comments to the authors may be directed to the Research and Statistical Services Office of the Minnesota Department of Economic Security, 390 N. Robert Street, St. Paul, Minnesota, 55101 or (612) 296-6545.

Comments and other correspondence concerning the publication should be addressed to the editor.

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Editorial Comment

PARITY AMIDST PLENTY

By R. Pinola

The depressed condition of American agriculture is a contradiction. On the one side, we have mushrooming surpluses generated by a price-support system that makes prices of agricultural commodities insensitive to the basic forces of demand and supply. On the other side, we continue to see farmers' net returns shrinking despite a price policy that is geared to improve the terms of trade between the farm and nonfarm sector. It isn't as if the decline in export demand has left the farmer unable to sell his price-supported commodities. In actuality the deficiency payments by the Federal government that are based on the difference between targeted prices and market prices provide an outlet for price-supported farm commodities.

Price supports for selected farm commodities became the cornerstone of American agricultural policy under the Agricultural Adjustment Act of 1933. This legislation was a culmination of a decade of discussion and debate as to whether and how income parity between the farm and nonfarm sector should be promoted. The justification for government support was based on data which showed farm income per person lagging that of the nonfarm sector and the disparity becoming greater. The often cited cause of this situation was that agricultural demand and supply conditions more closely resembled those under perfect competition, whereas those in the industrial sector more nearly approached monopoly and oligopoly. The upshot of this difference was that farmers were price takers who faced wide swings in commodity prices (usually depressed) while industrial producers were price makers who could maintain their prices in the face of declines in demand by simply cutting output. As one author put it, the free market operated with a "vengeance" and a "...gloriously unfettered play of supply and demand..." to put farmers at a disadvantage in their terms of trade with the industrial sector.

To promote income parity for the farm sector, the Agricultural Adjustment Act of 1933 provided a system of support prices for selected agricultural commodities based on the concept of a parity price. The parity price was itself determined by multiplying the increase in prices paid for production inputs by farmers since the base period 1910-1914, by the average price received for the given farm commodity in the 1910-1914 period. ^{1/} Illustrating, if the average price of wheat in the period 1910-1914 was 75 cents a bushel, and the index of prices paid for production inputs in 1940 was 200 (with a base 1910-1914 = 100), the parity price for wheat in 1940 would be $\frac{200}{100} \times \$0.75$ or \$1.50.

Neither the 1933 or subsequent legislation provided support prices at 100 percent of the parity price, hence it follows that if income parity was tied to price parity, and support prices were below the parity price, farm sector parity with the industrial sector would continue to lag unless countervailing forces were sufficient to offset the implied deficiency. As it turns out there have been countervailing forces in operation, primarily the increase in productivity in the farm sector that has more than made up the difference between

^{1/} This period was chosen as a base because it was regarded as a period when farmers enjoyed prosperity and the income per worker in agriculture and the wage income per industrial worker were roughly equal.

Continued on page 30. See: EDITORIAL COMMENT

Research Summaries

CONSENSUS ECONOMIC FORECASTS

by B. Steuernagel

The feature article in this quarter's Review is a 1985 economic forecast for the Nation and Minnesota. Are economic forecasts worth anything? This Research Summary reports on several studies which have been done on the accuracy of forecasting organizations and how economic forecasts can best be utilized. A second section of the article compares forecasts of 1984 GNP, inflation, and unemployment with actual data and gives the 1985 forecasts from a group of econometric services.

Can economic forecasts be of any value for an individual faced with decisions regarding how much inventory to carry, when and how to finance expansion, or what to offer in wage negotiations? An individual could assume that 1985 will be like 1984 or some extrapolation of 'today's situation, or he could listen to an "expert's" forecast of 1985, or rely on his own "gut feeling". A study^{1/} done by Stephen McNees and John Ries, economists with the Federal Reserve Bank of Boston, showed that one is better off listening to professional forecasters than acting on the assumption that tomorrow's events are simple extrapolations of today, or that they are random. The researchers compared the forecasts of real and nominal GNP made by a group of six forecasting organizations from the first quarter of 1971 through the second quarter of 1983 with a "benchmark" forecast produced by an unconditional autoregressive moving-average time series based only on the past historical values of the predicted variables. This technique is the most sophisticated procedure available for extrapolating past trends into the future. Overall, the "benchmark" forecast ranked lowest among the six other forecasts. It was not the worst in every single quarter, but it was always close.

Yet, given the fact that particular forecasters outperform extrapolations, how do we know which forecast to use? McNees and Ries showed in their study that one individual may do a great job one year and a poor job the next. Also, one forecaster may predict the course of price changes on the nose and miss the unemployment rate by a mile.

Victor Zarnowitz of Columbia University studied more than 70 forecasting organizations and analyzed the results for inflation, unemployment, real and nominal GNP, changes in business inventories, and consumer expenditures on durable goods.^{2/} He concluded that it was difficult for individual forecasters to consistently predict more accurately than the entire group. The probabilities are high that, on average, the consensus forecasts made by individual economists and econometric services will be less wrong than one person's forecasts, and almost certainly less wrong than projections based on extrapolations.

In an article which appeared in the September-October 1984 issue of the Harvard Business Review, P.L. Bernstein and T.H. Gilbert show that the errors made by consensus economic forecasts are small enough to make them valuable for business decisions. The authors analyzed the Blue Chip Economic Indicators, a monthly consensus forecast of the year-to-year percentage rate of change of principal economic variables. The panelists in the Blue Chip survey make a forecast for the target year in June of the previous year. The panelists

^{1/} "The Track Record of Macroeconomic Forecasts, New England Economic Review, November-December 1983.

^{2/} "The Accuracy of Individual and Group Forecasts from Business Outlook Surveys", National Bureau of Economic Research, Working Paper 1053, December 1982.

continue to predict the outlook for the target year until the following June. According to their study, "Each year has its own peculiarities, but the overall record is impressive. The group shows an average error of only 1.1 percentage points between the October forecast of real GNP for the target year and the actual figure. By and large, the early forecasts capture the directional change from the current year. By and large, with the passage of time the consensus does move toward the actual figure".^{3/}

In summary, studies have shown that economic forecasts deserve to be taken seriously, not necessarily because they will be perfectly accurate, but because they are made by people who understand business cycles and can recognize and anticipate developments, both expansionary and recessionary. The record suggests that a consensus of forecasts will probably be consistently more accurate than an individual forecaster or an extrapolation of the past.

The following table shows 1984 and 1985 forecasts of real GNP, prices, as measured by the implicit price deflator, and the unemployment rate and actual figures for the 1983-84 changes. A comparison of the individual companies' record to the consensus shows that only two of the thirteen forecasting organizations came closer to predicting the actual changes for all three measures of economic activity than the consensus. They were RSQE-University of Michigan and Wharton Econometrics.

Economic Forecasts, 1984 and 1985

	Percent Change IVQ 83 to IVQ 84		IVQ 84 Unemployment Rate	Percent Change IVQ 84 to IVQ 85		IVQ 85 Unemployment Rate
	Real GNP	Prices		Real GNP	Prices	
Actual	6.0	3.6	7.2	?	?	?
Chase Econometrics	4.0	5.0	8.1	2.5	4.7	7.6
Citicorp Information Services	3.9	6.2	7.7	2.3	6.4	7.5
Data Resources	4.4	5.0	7.8	1.8	3.7	7.7
Evans Economics	3.6	4.9	8.0	2.6	4.0	7.5
Fairmodel	5.6	5.2	8.1	3.3	4.5	7.9
Georgia State University	4.7	5.2	7.8	2.8	4.6	7.2
Kent Economic Development	4.3	5.7	7.9	2.6	4.9	7.6
Merrill Lynch Economics	4.7	5.6	7.8	3.0	4.6	7.2
RSQE, University of Michigan	5.6	4.7	7.9	4.3	4.2	7.0
A. Gary Shilling	3.8	3.7	8.0	0.0	2.3	8.5
Townsend-Greenspan	4.5	5.6	7.7	3.8	4.9	7.0
UCLA	4.7	5.4	7.9	4.4	4.0	7.2
Wharton Econometrics	6.6	3.9	7.8	3.9	3.9	6.8
Average	4.6	5.1	7.9	2.9	4.3	7.4

Source: Business Week, December 26, 1983 and December 31, 1984.

^{3/} "Are Economic Forecasts Worth Listening To?" Harvard Business Review, September-October 1984, p. 38.

The Job Market

MINNESOTA EMPLOYMENT OUTLOOK TO 1990

By B. Jones

The Minnesota 1990 industry and occupational projections are complete and the publication Minnesota Employment Outlook to 1990 will be available shortly. The following is a brief summary of the 1990 projections.

Overall employment is expected to increase from 1,998,400 in 1982 to 2,313,600 in 1990. This increase of 315,200 workers or nearly 16 percent represents a growth of about 39,400 new jobs a year. Openings due to labor force separations are expected to account for an additional 77,300 jobs a year.

Projected changes in employment during this period by major industrial categories are expected to vary from -8 percent to 22 percent. Agriculture, forestry, and fishing and mining are the only major industry categories expected to decline between 1982 and 1990. On the brighter side, employment in the trade sector is projected to increase at the fastest pace (22.0 percent). Other industrial sectors expected to rise at a faster rate than total employment in Minnesota are government, manufacturing, and finance, insurance, and real estate. With the exception of transportation and public utilities, the remaining sectors are anticipated to increase at approximately the same rate as total employment.

All major occupational categories, except farming, forestry, and fishing workers, will experience employment growth. The number of farming, forestry, and fishing workers will decline. The greatest number of workers will be found in managerial and professional, service, and clerical occupations. These three categories will comprise 56.5 percent of the state's total employment. In contrast, the three smallest categories, technical, laborers, and farming, forestry, and fishing workers will account for only 11.6 percent of the total.

Sales workers will be the fastest growing category in Minnesota between 1982 and 1990 with a rate of change of 24.5 percent. Machine operators with a growth rate of 18.9 percent is the second fastest. The remaining categories, with the exception of farming, forestry, and fishing occupations, are projected to experience varying growth rates ranging between 7.5 percent for laborers to 17.6 percent for technical workers. Employment of farming, forestry, and fishing workers will decline 8.3 percent during the 1982-90 period.

Job openings created by employment growth will account for approximately 34 percent of the total openings that arise in Minnesota between 1982 and 1990. The remaining openings will result from replacement requirements. Job openings due to growth and job openings due to replacement needs will total 929,100 during the 1982-90 period or 116,100 annually. Managerial and professional workers will be responsible for 202,700 of these openings. Replacement requirements will account for about 63 percent of these. Service occupations follow with 186,300 openings. Laborers, with only 23,300 job openings, will record the smallest workers requirements. All job openings occurring in the farming, forestry, and fishing occupations will be to replace workers leaving the labor force.

**MINNESOTA EMPLOYMENT BY INDUSTRY
1982 and 1990**

	1982	1990	<u>Percent Change</u> 1982-90
Total Employment	1,998,400	2,313,600	15.8%
Agriculture, Forestry and Fishing	122,940	113,010	-8.1
Mining	10,790	9,940	-7.9
Construction	88,840	102,870	15.8
Manufacturing	354,430	417,330	17.7
Transportation, Communications and Public Utilities	122,970	137,870	12.1
Trade	474,130	578,210	22.0
Finance, Insurance, and Real Estate	106,310	124,610	17.2
Services	653,470	753,820	15.4
Government	64,570	75,970	17.8

**MINNESOTA OCCUPATIONAL EMPLOYMENT
1982 and 1990**

	<u>Employment</u>			<u>Total Openings 1982-1990</u>		
	1982	1990	Percent Change 1982-90	Total	Growth	Separations
Total	1,997,130	2,313,640	15.8	929,047	316,507	612,540
Managerial and Professional	465,930	541,690	16.3	202,736	75,759	126,977
Technical	65,500	77,030	17.6	23,195	11,523	11,672
Sales	199,940	248,950	24.5	118,676	49,013	69,663
Clerical	333,970	392,320	17.5	162,857	58,352	104,505
Service	320,130	373,910	16.8	186,346	53,781	132,565
Farm	118,110	108,370	-8.3	41,679	-9,748	51,427
Craft	201,090	232,340	15.5	80,296	31,244	49,052
Machine Operators	215,330	256,120	18.9	89,978	40,781	49,197
Laborers	77,120	82,920	7.5	23,284	5,802	17,482

SUPPLY/DEMAND FOR SPECIFIC OCCUPATIONS, JANUARY 1985

by S. Hamper

MINNESOTA

Shortage Occupations: commissioned sales persons#, experienced computer programmers, experienced clerical workers#

Surplus Occupations: entry-level managers#, nurses#, welders, material handlers, construction workers#, factory assemblers#, general laborers#

CENTRAL MINNESOTA

Shortage Occupations: commissioned sales persons#, experienced computer programmers#, experienced clerk-stenographers#, factory trained auto mechanics

Surplus Occupations: management trainees#, registered and licensed practical nurses, retail sales clerks, construction workers#, material handlers, factory assembly workers#

MINNEAPOLIS-ST. PAUL

Shortage Occupations: experienced computer programmers, highly skilled clerical workers# (especially secretaries, typists, word processors, and accounting clerks), food service workers#

Surplus Occupations: financial managers, entry level managers#, welders, material handlers, factory assemblers#, general laborers#

NORTHEASTERN MINNESOTA

Shortage Occupations: none

Surplus Occupations: entry level managers#, teachers#, social workers#, registered and licensed practical nurses#, office clerical workers#, bookkeepers#, sales clerks#, nurse assistants#, maids#, waiters/waitresses#, food production workers#, machinists#, welders#, pipefitters#, carpenters#, painters#, bricklayers#, maintenance mechanics#, auto-diesel mechanics#, truck drivers#, mining crafts#, laborers: construction, general, and mining#

NORTHWESTERN MINNESOTA

Shortage Occupations: commissioned salespersons#, factory trained auto mechanics

Surplus Occupations: registered and licensed practical nurses#, entry level office clerks#, welders, truck drivers, construction workers#, janitors#, material handlers, general laborers#

SOUTHERN MINNESOTA

Shortage Occupations: part-time workers (15-20 hours per week)

Surplus Occupations: clerical workers#, construction workers#, production/factory workers#, farmers

1/ Shortage occupations are those that are difficult to fill or go unfilled due to the lack of qualified applicants. Surplus occupations are those in which the number of qualified applicants greatly exceeds the number of openings.

This occupation has been listed as a shortage or surplus occupation in at least two out of the last three quarters of the Review.

Job Service Applicant Supply and Demand

Table 1 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 1 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work. Readers who desire information on current shortage and surplus conditions for a specific occupation should refer to the Supply/Demand assessments given above.

Table 1. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) Jan. 1985	Job Openings (Demand) Jan. 1985	Supply/Demand Ratio	
			Jan. 1985	Jan. 1984
Total	120439	13451	9.0	9.6
Prof., Tech., Mgr.	13707	1463	9.4	10.7
Clerical	20401	3312	6.2	8.0
Sales	5609	1254	4.5	3.1
Dom. Services	1807	156	11.6	9.7
Other Services	20223	3857	5.2	7.9
Farm., Fish., For.	2722	69	39.4	15.2
Processing	2363	314	7.5	7.6
Machine Trades	8093	519	15.6	15.0
Benchwork	8510	845	10.1	11.5
Structural Work	16618	566	29.4	30.8
Mtr. Frght., Trans.	5327	476	11.2	17.1
Pkg. & Mat. Hndlg.	13772	580	23.7	8.4
Other	1287	40	32.2	20.1

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

Feature Article

1985 ECONOMIC OUTLOOK

By R. Pinola

I. 1984 in Retrospect

Over the past year, both the national and Minnesota economies left forecasters (including ourselves) understating the growth in economic activity. While most forecasters predicted a 4.0 to 5.0 percent growth in price-adjusted Gross National Product (GNP), preliminary estimates show that it expanded by 6.8 percent over the 1983 level. The surprisingly large growth in real GNP was primarily due to a much better than expected increase in investment spending. Meanwhile, the substantial increase in real GNP also triggered changes in employment and unemployment that were more favorable than had been forecast.

With regard to the investment expenditures component of GNP, outlays for new plant and equipment exhibited one of the best turnarounds of Post World War II recovery periods. This despite dire predictions by many prestigious analysts and economists that the Federal deficit and high interest rates would inhibit an expansion in investment spending. In our 1984 forecast we had argued that, in contrast to a cash shortage, an expansion in output and sales would generate increased profits and cash flows that could be expected to support a large part of investment spending. We have also held (elsewhere) that even if manufacturer's capacity utilization rates remain well below engineering capacity, the pressures for modernization and efficiency to meet competition from abroad and at home can induce entrepreneurs to underwrite new plant and equipment expenditures out of improved cash flows. Since manufacturer's capacity utilization rates in 1984 hovered around 80 percent, it appears that the need for modernization proved to be more compelling than might have otherwise been inferred in generating investment expenditures at an above average rate.

On the consumption side of GNP, the increase in price-adjusted consumer spending, at 5.3 percent, was a tad lower than the increase in real disposable income (5.5 percent). Given the continued high level of consumer confidence as reflected in the surveys of the University of Michigan Survey Research Center, and the relatively healthy increase in disposable income, one would expect consumer spending increases to be moving in tandem with increases in personal credit.^{1/} This is exactly what happened. One factor that many forecasters (ourselves included) underestimated for 1984 was the substantial increase in installment credit. Thus, although the savings rate increased from 5.0 to 6.1 percent of disposable income, consumer spending moved in parallel with the increase in disposable income.

Meanwhile, although favorable inflation rates, expanding employment, and the high level of consumer confidence favored a substantial increase in housing starts, high interest rates played havoc with this sector of the

^{1/} No doubt, containing inflation helped to keep consumer confidence at a high level. The average annual increase in the All Urban Consumer Price Index was 4.2 percent. On the other hand, producer prices rose even much slower, roughly by 1.2 percent.

*This article was prepared by R. Pinola, Director Research and Statistical Services Office of the Minnesota Department of Economic Security.

economy, limiting the gain to a very modest 2.4 percent (from 1,703,000 units to 1,745,000 units) in 1984. Still, housing activity in 1984 managed to remain 64.3 percent above the 1982 level when only 1,062,000 units were started. If 1985 interest rates show a continuation of the declines that begin in late 1984, the housing industry may be the growth sector for propping up an economy in which installment credit has largely run its course for supporting expenditures on consumer durable goods. Looking at labor market conditions, both U.S. and Minnesota employment grew faster than expected, even in the face of mounting imports of consumer goods. Minnesota employment rose by 4.4 percent in 1984 compared to our year-ago forecast of 4.0 percent, whereas U.S. employment showed a 4.2 percent gain in contrast to our forecast of 3.4 percent. Also on the positive side, unemployment at both the national and State level fell by 21.0 percent, producing average annual unemployment rates of 7.5 percent and 6.3 percent, respectively, for the Nation and Minnesota. These were lower than our forecast rates of 7.9 percent and 6.4 percent. As 1984 drew to a close, some optimism for further improvements in labor market conditions could be gleaned from the leading economic indicators which had earlier suggested only modest increases in real GNP and industrial production in 1985.

At this time, no one seems to know how the value of the U.S. dollar will behave in 1985, hence conjectures regarding imports and exports, and their effect on labor demand in critical industries, will be difficult to predict. Although existing quotas are likely to be continued, and new ones instituted, whether they are effective in protecting jobs in threatened industries remains to be seen. As long as the dollar remains strong, putting a cap on imports will largely remain a short-run expedient of questionable virtue.^{2/}

II. Issues and Problems

The Shortage of Capital Once More

Over the past two years we have been exposed to a steady stream of rhetoric from a variety of sources, including some well-known economists, telling us how the Federal deficit was creating a shortage of capital that would inhibit new investment and a sustained economic recovery. In our forecast for 1984, we suggested that such dire predictions were misplaced and exaggerated for two reasons. The first being that with economic recovery corporate profits and cash flows would provide an ample supply of capital; the second being the ability of the Federal Reserve to accommodate an increased demand for loanable funds through the banking system.^{3/} As it turned out, we had one of the largest expansions in new plant and equipment expenditures of the postwar period without a serious

2/ Questionable in the sense that a change in foreign exchange rates, together with reduced incomes and demand due to a world-wide recession, are largely responsible for our poor foreign trade performance. As Robert Z. Lawrence has shown, the devaluations of the U.S. dollar in 1971, 1973, and 1979 provided our manufacturing and agricultural sectors with an important favorable edge in world trade. See his, *Can America Compete?*, Brookings Institution, 1984.

3/ Those familiar with the use of fractional reserves by the banking system to expand the money supply can appreciate the ease with which this can be accomplished. Some would argue that this automatically leads to inflation. Empirical studies suggest that there is no direct link between the quantity of money and the rates of inflation. Moreover, the usual notion that inflation is caused by too much money chasing too few goods is only applicable when the economic system is producing at capacity and printing presses are churning out money with abandon. As the stagflation of the 1970's demonstrated, one can have two-digit inflation rates even when the economy is operating far below capacity.

shortage of capital and a track record on inflation that was considerably better than in the 1970's and in much of the world.^{4/} We might add that the absence of a capital shortage occurred despite action by the Federal Reserve to keep a lid on the money supply well into the calendar year. In the face of this experience, one might be prompted to ask, why were the analysts so wrong?

As anyone with an exposure to the first course in economics should know, the short-run unit cost curves of modern corporate enterprise fall continuously as output increases until capacity is reached. Also, corporation's such as General Motors and General Electric practice target pricing in which the price is set to yield a targeted profit at a level of output considerably below capacity, usually 60 to 65 percent of capacity. Since unit costs fall as output rises, it follows that if operations are profitable at 60 percent of capacity, they will be significantly more profitable at 80 percent of capacity, a level, incidentally, that was roughly the average for the manufacturing sector in 1984.

Admittedly, not all businesses, in fact relatively few, practice target-profit pricing in the same manner as General Motors or General Electric. However, all businesses practice some form of mark-up pricing in which the mark-up is geared to yield a profit, usually at output levels considerably below capacity.^{5/} Once one recognizes the reality of declining unit costs until capacity utilization rates are reached, it is easy to appreciate the generation of adequate cash flows to support new investment in an economy recovery. Only bad management, or some shock as the 1974 energy crunch, can blunt the cash flows of a corporate enterprise when output and sales are increasing. In summary, the predicted shortage of capital that is linked to the Federal deficit proved to be a myth, and much like the reported death of Mark Twain, grossly exaggerated.

The U.S. Dollar and the Trade Deficit

Probably more printer's ink has been misapplied over the past year on the connection between the U.S. dollar and our foreign trade deficit than any other economic topic, including poverty. Here, again, the Federal deficit is trotted out as the primary culprit. While it is true that currency exchange rates can produce ebbs and tides in a nation's balance of trade, in our present case the connection is not only overstated, but its linkage with the Federal deficit is over-simplified. What is often overlooked is that over the past two years a strong economic recovery in the U.S. has not been matched by a similar recovery in most of the developed and Third World nations, hence, our imports have been rising faster than our exports. This has exacerbated what was already a tenuous foreign trade position of the U.S. that began in the late 1960's, which hit the nation full face in the early 1970's, causing two successive (1971 and 1973) devaluations of the U.S. dollar. Also contributing to the underlying problem was the peaking of economic growth and income generation in Western Europe in the mid 1970's, some of it due to the energy crunch, but much of it due to the exhaustion of rapid gains in

^{4/} Producers prices on finished goods increased by less than 2.0 percent in 1984, while consumer prices rose by roughly 4.0 percent.

^{5/} In one corporation familiar to the author, profitability is assured at 50 percent of capacity operation.

economic growth for catching up with pent-up postwar consumer demand. This slowed income generation and the demand for our exports in Western Europe after 1975. The effects have been more pronounced since 1979.

It should be noted that the devaluation of the U.S. dollar in 1971 and 1973 also masked the underlying problems in our foreign trade account. By spurring exports, it gave an illusion of health and allowed the prices of many domestically produced commodities that moved in foreign trade to rise above what normal market conditions would have warranted. Thus, while selling soybeans at \$6.50 to \$7.00 a bushel was no problem in the aftermath of devaluation, it was no longer tenable as the dollar later climbed in value. The upshot of this situation was that either prices had to fall or the Federal government would be under pressure to protect domestic producers through quotas or, in the case of selected farm commodities, a floor on support prices.^{6/}

If exchange rate protection provided trade relief and an accommodation to price increases in traded commodities, it also added to the problem of oversupply by inducing the entry of new producers and the expansion of capacity of existing producers.^{7/} Such over-supply and excess capacity has, in turn, produced the kind of cut-throat price competition that had been largely absent in postwar foreign trade.

In short, the strong U.S. dollar, while admittedly contributing to our current malaise in foreign trade, is not the only or even primary cause. One could just as well argue that the devaluations of 1971, 1973, and 1978-79 created the problem, but this, too, would be an oversimplification. Much of the same problem applies to linking the strength of the U.S. dollar to the Federal deficit. Simply focusing on the differential in Treasury bill rates and those of foreign securities overlooks some important facts. For one, it overlooks the fact that returns on U.S. private investment have been higher than those in sluggish foreign economies. Secondly, it ignores the prevalence of substantial flights of foreign capital in search of some reasonably safe harbor. Thus, when measured against the unstable and often volatile political and economic conditions in many countries of the world, the U.S., despite all its warts, has become an attractive place in which to invest. Thirdly, while rapidly appreciating values and uncertainty in economic affairs led to considerable investment in gold and other precious metals and gems in the mid-1970's, they did not provide the kind of return on investment that early appreciations in value suggested. Once it became evident that the world was not going to hell in a hand basket, and that OPEC was no longer dictating world economic fortunes, the price of gold began to tumble, followed by substantial dis-investment in precious metals. This left sizeable holdings of liquid assets looking for a new home. Lastly, many nations whose economies were performing only marginally, had their central banks purchasing dollars to keep the value of their currency low in order to promote exports.

In summary, too much faith seems to have been placed on the uncertain connection between the Federal deficit and the high exchange value of the dollar. Also, to argue that our poor export performance is primarily due to the value of the dollar is overstated. In November 1984, American

^{6/} In the agricultural sector, the mistaken notion that the inflated prices of the 1970's were a correct reflection of the market led to the higher base or support prices for selected commodities. As any schoolboy would know, this could be expected to aggravate an already over-abundant supply problem.

^{7/} A classic case is the steel industry where protection, along with overly-optimistic projections of global demand have caused a surfeit in steel-making capacity.

companies were quoting a price of \$550 per ton for cold-rolled sheet steel when imported sheet steel was often selling for less than \$400 per ton. It has been estimated that the 1971, 1973, and 1978-79 devaluations of the dollar provided an effective 13.5 percent reduction in our export prices. Clearly, the difference between \$550 steel and \$400 steel (a differential of 27.3 percent) is considerably more than what we gained from devaluation. It would be interesting to know the price differentials on other commodities, including those of the agricultural sector, to help put matters in proper focus.

III. The 1985 Forecast

Forecasts of economic activity invariably must rest on assumptions regarding the behavior of key variables. Inasmuch as we employ the National Income Accounts model for forecasting, we consider the factors conditioning each of the major components of Gross National Product (GNP) in arriving at a forecast change in each component and the aggregate level of economic activity. In forecasting employment and unemployment behavior we utilize the forecast changes in GNP, expected changes in productivity, hours worked, and the labor force, each of which is viewed in terms of historical experience with changes in aggregate spending and demographics. In the case of Minnesota employment and unemployment, we have found that changes in Minnesota employment generally moves in parallel with changes in GNP, albeit with a short (4 to 6 months) time lag.^{8/} With this as background on our methodology, we proceed to state the assumptions on which our forecasts are based, after which we provide tables summarizing our U.S. and Minnesota forecasts for 1985.

Fiscal and Monetary Policy

The Federal budget deficit in 1985 is expected to hover around \$200 billion. This despite current negotiations on the Fiscal Year 1986 budget that takes effect on October 1. National defense and the ten largest entitlement programs will continue to absorb over two-thirds of the total Federal budget, hence they have an important bearing on total Federal spending. Currently, defense expenditures are projected to rise by 10 to 12 percent, whereas outlays for Social Security are geared to grow by roughly 4 percent. Various other programs can be expected to reflect 1984 experience, suggesting a repeat performance of Federal spending in 1985. Given increased tax revenues generated by increases in income and employment, State and local government spending is also expected to grow close to the pace experienced in 1984.

On the tax side, reduced marginal rates on income at the Federal level will largely be offset by increases in Social Security taxes, leaving little relief to wage and salary workers whose annual earnings fall below \$40,000. At the State level, increasing revenues are prompting some states to provide tax relief on income taxes, but any reductions in withholdings will probably occur only after mid-year or not until 1986.

With regard to monetary policy, since inflationary pressures are considered to be less threatening than in previous recovery periods, the Federal Reserve seems more inclined to allow the money supply to expand at a slightly faster pace than in 1984. This should have a salutary

^{8/} We first noted this lag in 1971 and the experience over the past 13 years indicates that this relationship has not materially changed.

effect on interest rates and residential construction. It should also assist businesses to refinance short-term debt at more favorable terms and induce consumers to spend more on durable goods.

Disposable Income and Consumers Spending

In 1984, total personal income grew by 9.8 percent while disposable personal income rose by 10.2 percent. Last year's growth in personal income was relatively strong across all the major components, except for transfer payments which rose by only 2.9 percent. Based on an assumed wage drift of 4.5 percent and employment growing between 2.5 and 3.0 percent, labor income in 1985 should grow by 7.0 to 7.5 percent. This is short of the 9.1 percent increase in 1984, but still sufficient to finance increased spending. Meanwhile, personal interest income can be expected to grow substantially slower as interest rates show further moderation. Dividend, rent, and other property income, except farm proprietorship income, seems destined to grow at the 1984 pace, whereas transfer payments will largely reflect cost of living adjustments and an expansion in the number of recipients of Social Security. Putting this all together, we forecast total personal income growing by 7.5 percent and disposable personal income rising by 8.0 percent in 1985.

Consumer spending depends not only on income, but the inclination to spend and the availability of credit. Consumer confidence remains relatively high, and with projected increases in income and employment should remain fairly high through much of 1985. The savings rate in 1984 was 6.1 percent of disposable personal income, up from 5.0 percent in 1984. The savings rate is projected to move down a tad and installment credit to grow a bit more on the strength of consumer confidence and reduced interest rates. Consequently, consumer spending should grow at about the same rate as the growth in disposable income.

Investment Spending

It seems highly unlikely that 1985 outlays on new plant and equipment will come near the increases in 1984. Increases in cash flows are more likely to be directed to maintaining dividend payments and keeping shareholders happy. Therefore, we expect fixed nonresidential investment to grow at half the pace of 1984. On the other hand, the moderation in mortgage interest rates can be expected to provide a boost to residential construction. We estimate housing starts at between 1.8 million and 1.825 million in 1985, about the same rate of increase that occurred in 1984.

Labor Force, Productivity, and Hours Worked

The U.S. labor force grew by 3.0 percent in 1984, substantially faster than most forecasters predicted. No doubt, much of the increase came from the discouraged worker group whose numbers exceeded 1.6 million in 1983. Studies have shown that of the total number of discouraged workers, over 34.7 percent have either never worked or last worked more than 5 years ago.^{9/} Therefore, we would expect this pool of potential re-entrants to generate a smaller expansion to the labor force in 1985.

^{9/} See, Paul Flaim, "Discouraged Workers: How Strong are Their Links to the Job Market?", Monthly Labor Review, August 1984.

Additionally, despite increases in female and youth participation rates, demographic trends support an assumption of a reduction in the growth of new entrants to the labor force. Hence, we doubt a repeat performance in labor force growth in 1985.

As expected, productivity increases with higher levels of economic activity, and 1984 was no exception. The large gain in the manufacturing sector (4.1 percent) was, however offset by much lower increases in the trade and services sectors. Overall, productivity probably rose by no more than 2.0 percent in 1984. Although not exactly a correct procedure, one can get an approximation of the overall productivity increase by subtracting the combined effect of an increase in employment (4.2 percent) and the increase in hours worked per week (0.8 percent) from the increase in GNP (6.8 percent). Looking to 1985, we used historical experience to justify a reduced rate of increase in productivity.

As the economy picked up speed in 1984, hours worked per week also rose. As noted above, we estimated this increase at 0.8 percent based on incomplete data. With a moderation in the pace of economic activity we do not expect hours to rise much above current levels, at best no more than 0.1 to 0.2 percent.

Forecasts of U.S. and Minnesota Economic Conditions

Tables 1 through 3 provide summary tabulations of changes in the relevant economic and labor market variables for the U.S. and Minnesota. We remind readers that these forecasts are only as good as the underlying assumptions on which they are based.

Table 1
FORECAST CHANGES IN GNP AND COMPONENTS, 1985/1983

<u>Component</u>	<u>Estimated % change</u>
A. Income and Consumption	
1. Disposable Personal Income	8.0
2. Consumption Effect of Change in Savings Rate	0.05
3. Consumption Effect of Installment Credit	0.15
4. Total Change in Personal Consumption	8.2
5. Price-Adjusted Change in Personal Consumption	4.0
6. Net Contribution to Change in GNP	2.6
B. Gross Private Domestic Investment (GPDI)	
1. Nonresidential Fixed Investment	10.0
2. Residential Fixed Investment	11.0
3. Impact of Change in Business Inventories	4.0
4. Total Change in GPDI	9.5
5. Price-Adjusted Change in GPDI	6.0
6. Net Contribution to Change in GNP	1.0
C. Government Purchases of Goods & Services	
1. Federal	9.0
2. State and Local	7.5
3. Total Change in Government Purchases	8.1
4. Price-Adjusted Change in Government Purchases	3.1
5. Net Contribution to GNP	0.6
D. Exports-Imports Adjustments to GNP	-0.1
E. 1985/1984 Change in Real GNP	4.1

Table 2
FORECASTS OF U.S. LABOR MARKET CONDITIONS

<u>Item</u>	<u>1984 Average</u>	<u>Estimated % Change</u>	<u>Estimated 1985 Average</u>
1. Output Per Man-Hour		1.4	
2. Hours Worked Per Week		nil	
3. Civilian Labor Force	113.5 mil.	2.0	115.8 mil.
4. Civilian Employment	105.0 mil.	2.7	107.8 mil.
5. Unemployment	8.5 mil.	-5.9	8.0 mil.
6. Unemployment Rate	7.5%	-8.0	6.9%

Table 3
FORECASTS OF MINNESOTA LABOR MARKET CONDITIONS

<u>Item</u>	<u>1984 Average</u>	<u>Estimated % Change</u>	<u>Estimated 1985 Average</u>
1. Labor Force	2229 Thous.	2.2	2278 Thous.
2. Employment	2088 Thous.	3.2	2155 Thous.
3. Unemployment	141 Thous.	-8.7	123 Thous.
4. Unemployment Rate	6.3%	-8.6	5.4%

Postscript

The business cycle is not only unique to market economics, but it provides much food for the grist mill. The onset of every recession is accompanied by a plethora of gloom and doom pronouncements, while each recovery is heralded as reflecting renewed vigor and resiliency of our economic system. About ten years ago, we decided to chronicle the postwar booms and busts in terms of selected key variables that might be considered as indicators of the health of the economic patient. At that time, we noted that comparisons of the severity of a recession and the robustness of a recovery depended on which variable one used. We have periodically up-dated our chronicle to reflect the more recent turn of events. The table which appears on the following page is based on data through mid-year 1983. We thought readers would be interested in using it to play games with their friends in a new trivial pursuit to identify/guess the worst recession and the best recovery. To make the game more interesting, players might decide to give different weights to particular variables. Lest anyone have notions of merchandising this new trivial pursuit, we warn them that it is already patented. Hence, forewarned is forearmed.

Table 4. - Percentage Change in Selected Variables
in Economic Contractions and Expansions*

Period	Real GNP (1972 \$)	Capacity Utiliz. Rate	Percentage Change in Variables			Unempl.	Size of GNP Gap**	Output Per Man-Hour***
			Disposable Income (1972 \$)	Civilian Employ't.				
1949 Recession Contraction Expansion	0.6 8.7	-10.8 12.2	0.2 7.7	-1.2 2.2		59.6 -9.5	NA NA	2.5 4.3
1954 Recession Contraction Expansion	-0.2 3.2	-5.4 -1.2	1.4 3.8	-0.8 0.3		55.9 18.0	2.9 1.0	1.0 3.5
1961 Recession Contraction Expansion	-1.1 6.1	-12.3 8.4	0.5 4.3	-1.4 1.7		60.1 -12.1	7.2 4.7	1.7 4.2
1970 Recession Contraction Expansion	1.0 5.7	-6.7 5.2	1.6 3.9	0.8 9.6		22.5 -5.9	7.5 5.2	0.4 4.4
1974 Recession Contraction Expansion	-1.9 2.3	-6.5 -6.4	-0.5 4.3	2.0 0.0		27.6 36.4	5.0 6.8	-1.7 2.0
1980 Recession Contraction Expansion	-0.2 1.1	-5.7 -2.1	-0.1 1.8	0.6 0.6		18.0 11.2	4.2 5.6	-1.2 1.3
1982 Recession Contraction (July 1981 thru Dec. and 4th Qtr. 1982)	0.1	-10.2	2.0	-0.5		29.0	10.6	1.1
Expansion (January 1983 thru July 1984)	5.0	5.0	5.5	2.3		0.4	NA	4.1

* All percentage changes except those for the 1974 recession and the 1982 recession are based on use of 4-quarter averages prior to the contraction, coincident with the contraction, and for the succeeding recovery. For the 1974 recession a 5-quarter period was used. For the 1981-2 recession a 6-quarter period was used.

** All figures in this column represent the shortfall in actual compared to potential GNP expressed as a percentage of actual GNP.

*** Output per man-hour is for the nonfarm business sector.

NA This estimate has been discontinued by the Bureau of Economic Analysis, U.S. Department of Commerce.

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMIES AT YEAR'S END

by B. Boyle

Nation

Special one-time developments in the economic indicators for January make it somewhat difficult to tell whether the upturn in economic activity which began in November is still continuing. Economists, however, believe that the economy still has considerable momentum and expect the expansion to continue through 1985.

Even though the seasonally adjusted unemployment rate rose in both December and January, labor market conditions generally continued to improve in January after showing considerable improvement in the fourth quarter. Both seasonally adjusted total and nonfarm payroll employment rose strongly in the fourth quarter after rather poor showings during the summer quarter. Moreover, payroll employment also climbed significantly in January as retail trade, construction, and business and health services posted sharp gains. However, unusually mild weather in January was partly responsible for the strong increase in construction employment while manufacturing employment, which had risen steeply in December, evidenced only modest growth.

The best evidence of a robust fourth quarter was the 4.9 percent rise in real gross national product, which compared very favorably with the weak 1.6 percent growth in the third quarter. Meanwhile, industrial production, personal income, and personal spending which had picked up significantly in November and December continued to show healthy increases in January. Part of the January rise in industrial output was due to increased utility output because of cold weather. Cold weather also was responsible for increased personal spending for electricity and gas. Most of the January growth in personal income was due to a delay in military retirement benefits.

State

With the exception of the mining industry, the employment numbers indicated that the Minnesota economy generally continued to expand in the fourth quarter. Although many farmers are having serious financial problems, these difficulties are not reflected in either the employment or unemployment statistics.

Recently revised labor force data show that the seasonally adjusted unemployment rate rose from 6.0 percent in the third quarter to 6.4 percent in the fourth quarter. However, the January rate fell to 6.4 percent from 6.6 percent in December, a reflection of the shrinkage in the labor force. Seasonally adjusted total employment also climbed in the fourth quarter, rising by 31,000 after a gain of 35,000 in the third quarter. The increases in both fourth quarter employment and unemployment indicate that greater numbers of people are searching for jobs. Revisions in the establishment data also showed improvement in the fourth quarter as seasonally adjusted nonfarm wage and salary employment rose by 21,600 in the final quarter after a rise of 25,700 in the third quarter. The employment increases in the third and fourth quarters would have been roughly equal if mining employment had not declined. In contrast to the total employment decline, seasonally adjusted nonfarm payroll employment increased by only 5,000 in January, as substantial rises in the trade and services sectors were offset by declines in mining and manufacturing. Over the year, payroll employment was up by 95,300, with the largest gains being in trade (33,600), services (27,100) and manufacturing (18,500).

Forecasts

FORECASTS OF GNP & MINNESOTA PAYROLL EMPLOYMENT

Forecasted growth in the Nation's real (price adjusted) GNP and in total Minnesota Nonagricultural Wage and Salary employment showed increased rates on an over-the-year basis compared to those prepared one quarter ago. This occurred since actual growth in real GNP for the final quarter of 1984 was stronger than the preceding quarter and more robust than expected. Also, as a result of annual benchmark revisions, total Minnesota employment estimates were increased for 1984.

The result is forecasted growth in real GNP of 4.24 percent for 1985 and 4.25 percent for 1986. Growth rates for Minnesota payroll employment are forecast at 4.63 percent for 1985 and 4.77 percent for 1986. For 1985, growth in service industries (at 6.75 percent) is forecast to exceed that for all industries as an average, while manufacturing industries (at 3.60 percent) show somewhat slower growth than the total.

Percent forecast errors for the fourth quarter of 1984 were: -0.42 (real GNP), -0.61 (payroll employment), +18.27 (Mining), +1.38 (Construction), -1.47 (Manufacturing), +0.58 (Transportation, Communication and Public Utilities), -1.65 (Trade), -0.29 (Finance, Insurance and Real Estate), -1.19 (Services), and -0.33 (Government).

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
<u>Current</u>										
1984-IV	1664.80	1878.15	8.10	76.42	380.09	98.88	478.20	107.04	430.25	299.17
<u>FORECASTS</u>										
1985-I	1676.23	1840.84	8.14	56.90	375.19	97.01	461.94	107.62	428.54	303.06
1985-II	1696.46	1911.48	9.94	71.38	383.59	99.83	484.80	110.15	444.74	304.36
1985-III	1716.65	1936.29	10.34	84.18	400.40	99.82	491.01	112.08	450.69	279.84
1985-IV	1735.42	1965.24	9.72	79.17	393.80	102.88	499.12	111.93	459.29	303.14
1986-I	1756.06	1923.74	9.29	59.45	388.65	100.76	485.84	112.36	457.88	305.99
1986-II	1773.76	1998.12	10.60	74.87	396.49	103.25	509.52	115.03	476.24	306.74
1986-III	1791.41	2028.55	10.78	88.14	414.45	103.88	514.80	116.96	482.08	283.32
1986-IV	1809.32	2059.03	10.17	82.45	408.16	107.07	524.00	116.91	491.20	304.88

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of our forecasts among the major industry division. More information on their accuracy can be obtained from the author on request.

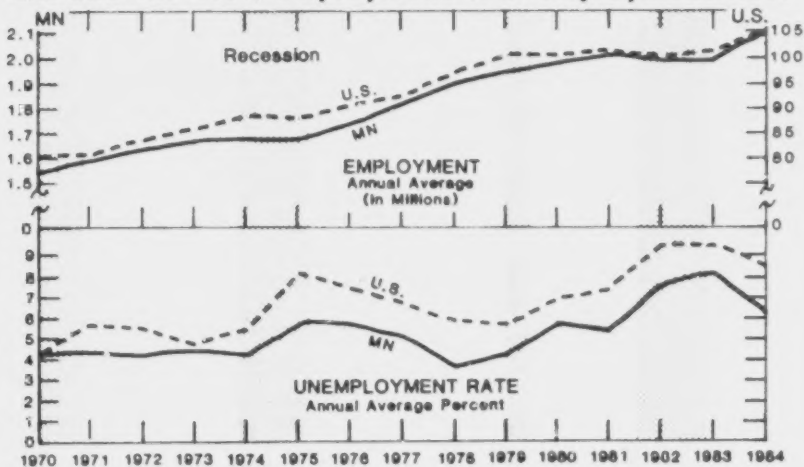
Labor Force Statistics

Labor Force Estimates	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Millions)		
	January 1985	Change Last Mo.	From Year Ago	January 1985	Change Last Mo.	From Year Ago
Civilian Labor Force	2192.9	-70.1	47.6	113.5	-0.5	2.5
Employed	2028.3	-73.6	57.0	104.4	-1.7	3.1
Unemployed	164.6	3.5	-9.4	9.1	1.2	-0.6
Unemployment Rate						
Actual	7.5	0.4	-0.6	8.0	1.0	-0.8
Seasonally Adjusted	6.4	-0.2	-0.6	7.4	0.2	-0.6

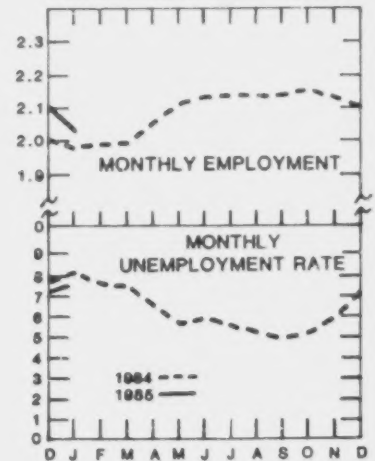
Historical Labor Force Series

Year	Minnesota (Annual Average in Thousands)				United States (Annual Average in Millions)			
	Labor Force	Employment	Unemployment		Labor Force	Employment	Unemployment	
			Number	Rate			Number	Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1664.0	1592.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1704.0	1630.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1766.0	1686.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1769.0	1691.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1790.0	1684.0	106.0	5.9	93.8	85.8	7.9	8.5
1976	1850.0	1740.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1909.0	1811.0	98.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	76.0	3.8	102.3	96.0	6.2	6.1
1979	2039.0	1954.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2111.0	1985.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2154.0	2035.0	119.0	5.5	108.7	100.4	8.3	7.0
1982	2167.0	1998.0	170.0	7.8	110.2	99.5	10.7	9.7
1983	2176.0	1999.0	178.0	8.2	111.6	100.8	10.7	9.6
1984	2229.0	2088.0	141.0	6.3	113.5	105.0	8.5	7.5

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



Labor Market Conditions

The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry wage.

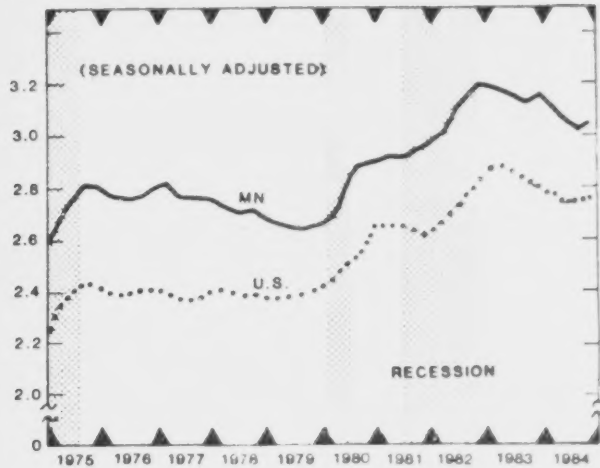
Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor Force Estimates and by Other Rates of Labor Utilization.

Labor Force And Establishment Data	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000's)		
	IV QTR. 1984	Percent Change From		IV QTR. 1984	Percent Change From	
		Last Qtr	Year Ago		Last Qtr	Year Ago
<u>LABOR FORCE ESTIMATES</u>						
Total Labor Force	2266.9	0.3	4.0	114131	-0.8	1.9
Employment	2129.0	-0.5	4.9	106186	-0.4	3.3
Nonagricultural ¹	n.a.	n.a.	n.a.	103017	0.1	3.4
Agricultural	n.a.	n.a.	n.a.	3169	-15.2	0.0
Unemployment	137.9	14.8	-7.8	7945	-5.2	-13.3
By Reason - New Reentrants-%*	n.a.	n.a.	n.a.	38.9	-0.5	8.4
By Reason - Quit-%*	n.a.	n.a.	n.a.	10.3	3.0	15.7
By Reason - Lost-%*	n.a.	n.a.	n.a.	50.8	-0.2	-8.0
Unemployment Rates						
Actual	6.1	15.1	-11.6	7.0	-4.1	-14.6
Seasonally Adjusted	6.4	6.7	-11.1	7.2	-2.7	-15.3
<u>OTHER RATES OF LABOR UTILIZATION</u>						
Participation Rt (Labor Force/Population 16+)	n.a.	n.a.	n.a.	64.5	0.2	0.6
Full Employment Deficit - Percent of Workers ¹ /	2.1	1.3	2.9	3.0	3.3	4.2
Manpower Utilization Rate ² /	84.0	-0.1	0.1	83.0	0.0	1.5
<u>NONAGRICULTURAL WAGE AND SALARIED POSITIONS</u>						
Employment*	1856.5	1.5	6.5	95480	1.0	4.1
Mining	8.6	-10.4	10.3	1009	-0.6	4.3
Construction	75.0	2.5	20.2	4407	1.0	8.3
Manufacturing	374.1	0.3	6.6	19731	0.3	3.8
Durables	226.1	0.4	7.7	11784	0.6	5.5
Nondurables	148.0	0.3	4.9	7947	-0.2	1.3
Trans., Comm., & Public Utilities	97.1	0.1	3.5	5229	0.6	3.5
Trade	471.7	2.1	8.5	22215	1.6	5.1
Fin., Ins., & Real Estate	107.0	1.1	4.4	5727	0.8	3.6
Services	426.9	2.5	6.7	21047	1.3	5.0
Government	296.1	1.4	1.8	16115	0.7	1.6
Average Weekly Hours*						
Mining	38.4	-0.8	6.7	43.4	-0.2	0.5
Construction	38.0	-2.1	3.8	37.7	-2.1	2.4
Manufacturing	40.1	-0.2	-0.5	40.5	0.0	-0.2
Durables	41.0	0.0	-0.2	41.3	0.0	0.0
Nondurables	38.7	-0.5	-1.0	39.5	0.3	-0.5
Trans., Comm., & Public Utilities	37.7	0.3	-2.8	39.4	-0.8	0.3
Trade	29.6	-2.0	-4.5	32.0	-0.3	-0.6
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.6	0.0	1.1
Services	n.a.	n.a.	n.a.	32.7	0.0	0.0
Average Hourly Wage						
Mining	12.97	-1.0	8.3	11.59	-0.1	1.8
Construction	15.02	1.5	2.1	12.10	0.5	0.8
Manufacturing	9.70	1.6	0.2	9.30	1.3	3.7
Durables	9.83	1.3	0.3	9.84	1.2	3.3
Nondurables	9.51	1.7	-0.1	8.52	1.3	4.2
Trans., Comm., & Public Utilities	11.61	1.1	3.9	11.28	0.6	2.7
Trade	7.43	0.0	1.2	6.79	0.7	2.9
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	7.74	1.3	4.3
Services	n.a.	n.a.	n.a.	7.75	2.1	4.0
Estimates of Labor Turnover (Mfg. Only)			Estimates of Labor Turnover have been discontinued as of January 1, 1982.			

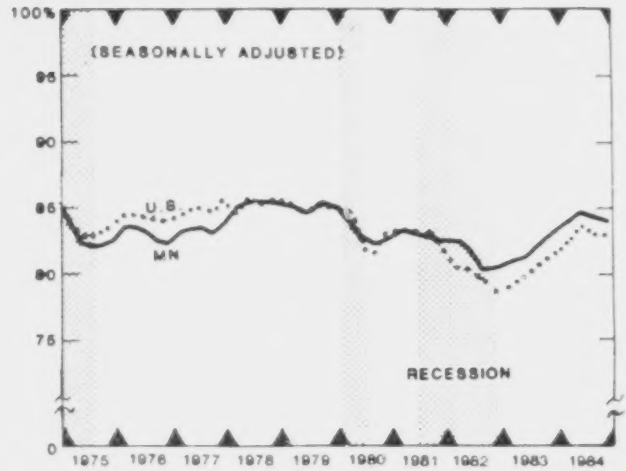
a/ Values are numerical values, not percent changes.

Labor Market Conditions

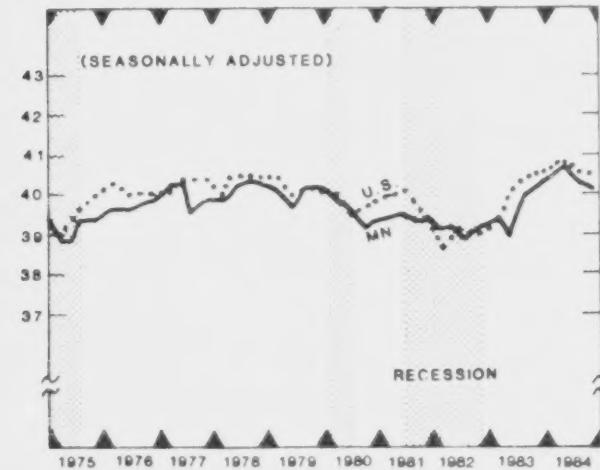
Ratio of Service to Goods Producing Jobs



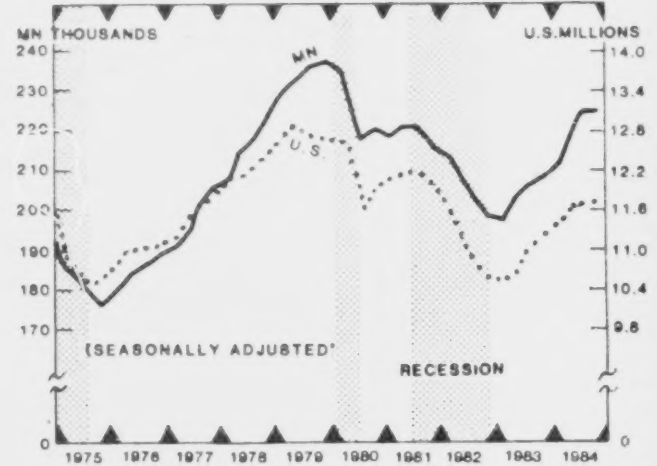
Manpower Utilization Rate



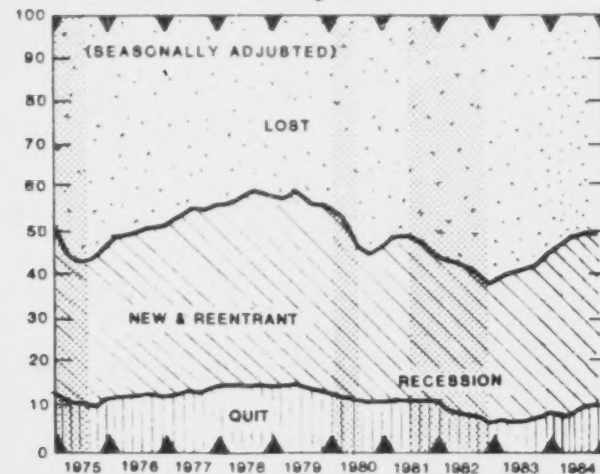
Average Weekly Hours, Manufacturing



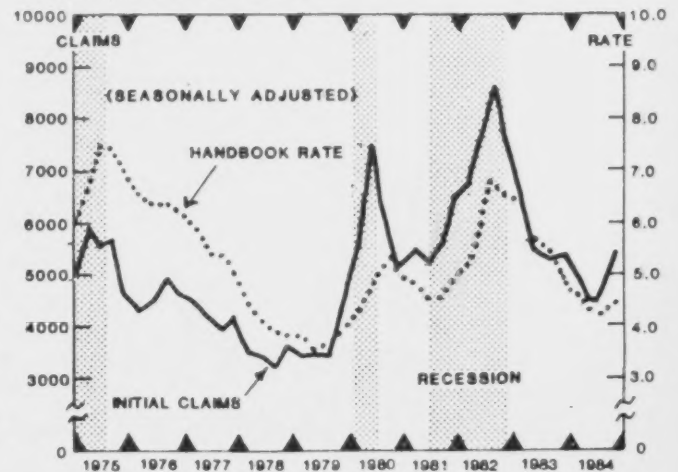
Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate¹



Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from

extended programs is reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	Fourth Quarter 1984			January 1985			Percent Long Term
	Number	Percent Change From		Number	Percent Change From		
		Last Qtr.	Year Ago		Month Ago	Year Ago	
<u>By Age & Sex</u>							
Male	24291	69.8	-5.8	51224	32.3	11.1	6.4
Under 45	19102	72.2	-3.5	39663	30.7	9.8	6.3
Under 25	4719	107.2	-3.9	9549	26.0	1.8	5.2
25-34	9440	68.4	-2.6	19571	31.7	9.1	6.5
35-44	4943	54.1	-4.9	10543	33.3	19.8	6.8
45 and Over	5189	61.3	-13.4	11561	38.3	15.8	6.9
45-54	2999	68.2	-13.5	6732	37.4	17.3	6.2
55 and Over	2190	52.7	-13.1	4829	39.5	13.7	8.0
Female	10196	-7.2	-4.7	13998	19.5	2.7	15.9
Under 45	7622	-5.7	-2.8	10338	18.2	4.7	15.6
Under 25	1834	14.7	-10.6	2604	18.3	-4.1	12.6
25-34	3544	-10.3	0.9	4725	17.9	8.0	16.3
35-44	2244	-11.4	-1.4	3009	18.5	8.0	17.3
45 and Over	2574	-11.3	-10.0	3660	23.6	-2.6	16.6
45-54	1465	-12.1	-7.7	2047	22.9	1.0	16.4
55 and Over	1109	-10.2	-12.8	1613	24.4	-6.8	16.8
<u>By Industry</u>	34487	36.3	-5.5	65222	29.4	9.2	8.4
Ag., For., Fish.	852	225.2	1.3	1995	23.6	1.8	2.3
Mining	2577	118.6	-21.2	5465	4.8	53.4	2.3
Construction	6811	245.9	-4.6	19664	45.6	5.7	1.7
Manufacturing	9131	31.3	6.4	16637	38.6	18.4	11.0
Pub. Utilities	1489	31.9	9.3	3088	47.5	32.3	8.5
Wholesale Trade	2245	30.4	-2.4	3430	19.4	6.9	14.9
Retail Trade	3444	8.8	-17.1	4905	19.2	-15.2	15.0
Fin., Ins., Real Est.	1120	15.9	22.7	1199	-1.1	15.5	26.8
Services	5348	-23.5	-11.9	6624	13.6	-9.3	18.0
Public Admin.	886	57.7	-10.1	1246	7.9	-10.3	10.8
Inf. Not Available	584	46.7	-33.5	969	21.7	93.4	1.9
<u>By Occupation</u>	34487	36.3	-5.5	65222	29.4	9.2	8.4
Prof., Tech., Mgr.	4373	-20.6	-7.6	5083	11.3	1.1	22.6
Clerical	3418	-8.0	-14.0	4023	9.2	-5.5	21.7
Sales	1265	7.5	-4.9	1606	10.9	0.3	20.5
Services	2594	6.4	-12.0	3239	9.1	-11.5	17.2
Farm., For., Fish.	797	310.8	2.0	1707	16.4	-1.2	2.9
Processing	1132	9.8	-21.3	3084	97.4	-5.4	6.0
Machine Trade	2140	37.3	9.6	3366	21.6	24.4	14.0
Benchwork	3444	46.9	11.9	5693	28.5	30.5	10.8
Structural Work	8087	170.0	-4.7	21865	44.9	6.8	2.7
Misc.	6934	72.4	-6.2	15111	24.7	23.6	4.6
Inf. Not Available	303	-2.9	-20.1	445	38.2	-2.2	16.3
<u>By Duration</u>	34487	36.3	-5.5	65222	29.4	9.2	---
0-14 Weeks	29837	48.4	-3.0	59743	30.9	11.4	---
15+ Weeks (Long-Term)	4650	-10.3	-19.1	5479	14.4	-10.4	---

Labor Market Conditions

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Jan. 1985	Dec. 1984	Jan. 1984	Dec. 1984	Jan. 1984	Jan. 1985	Dec. 1984	Jan. 1985	Dec. 1984	Jan. 1985	Dec. 1984
TOTAL NONAGRICULTURAL	1827.6	1870.1	1735.9	-2.3	5.3						
MANUFACTURING	373.0	378.0	354.9	-1.3	5.1	399.78	403.34	9.92	9.91	40.3	40.7
Durable Goods	224.9	228.0	213.5	-1.3	5.3	410.18	418.91	9.98	10.07	41.1	41.6
Furniture, Lumber and Wood	15.6	16.5	14.8	-5.2	5.7	399.50	394.45	10.27	10.14	38.9	38.9
Stone, Clay and Glass	7.6	8.3	7.3	-8.5	4.4	369.66	368.52	10.24	10.18	36.1	36.2
Primary Metals	5.9	6.1	5.8	-4.4	1.8	390.35	389.99	9.25	9.42	42.2	41.4
Fabricated Metals	34.5	35.4	34.0	-2.5	1.6	452.61	467.93	10.88	11.01	41.6	42.5
Nonelectrical Machinery	95.4	94.6	87.0	0.8	9.7	450.45	451.31	10.50	10.52	42.9	42.9
Electrical Machinery	27.0	27.6	26.2	-2.3	3.2	308.07	336.94	7.76	8.08	39.7	41.7
Transportation Equipment	6.1	6.7	6.3	-8.4	-3.5	405.69	479.94	10.51	11.40	38.6	42.1
Other Durable Goods ^{2/}	32.8	32.7	32.2	0.3	1.7	394.94	392.50	9.68	9.62	40.8	40.8
Nondurable Goods	148.0	150.0	141.4	-1.3	4.7	386.32	383.72	9.83	9.69	39.3	39.6
Food and Kindred	44.6	45.9	43.8	-2.9	1.7	344.16	339.36	8.54	8.40	40.3	40.4
Textile and Apparel	4.6	5.0	4.9	-7.5	-5.7	220.40	234.50	6.37	6.27	34.6	37.4
Paper and Allied	34.1	34.4	32.8	-0.6	4.2	490.68	493.73	11.60	11.59	42.3	42.6
Printing and Publishing	41.1	41.0	37.6	0.3	9.3	381.15	375.76	10.50	10.38	36.3	36.2
Chemical and Petroleum	9.7	9.8	9.4	-1.5	3.1	455.63	468.83	11.25	11.27	40.5	41.6
Rubber and Leather	13.9	13.9	12.9	0.1	8.1	318.50	315.59	8.23	8.01	38.7	39.4
NONMANUFACTURING	1454.7	1492.2	1381.0	-2.5	5.3						
Mining and Quarrying	5.4	5.5	7.9	-1.5	-31.1	480.67	460.13	12.55	12.27	38.3	37.5
Metal Mining	4.1	3.8	6.7	6.9	-38.6	508.35	487.80	13.52	13.55	37.6	36.0
Construction	58.8	69.6	50.8	-15.6	15.7	585.14	587.90	15.48	15.39	37.8	38.2
Building	17.2	20.2	15.9	-14.8	8.2	529.05	561.53	14.26	14.18	37.1	39.6
Highway and Heavy	5.0	8.3	4.9	-40.0	1.6	518.64	476.17	13.13	13.01	39.5	36.6
Special Trades	36.6	41.1	29.9	-11.0	22.1	623.96	624.46	16.42	16.52	38.0	37.8
Transportation	61.8	64.1	60.2	-3.7	2.6						
Railroads	9.6	10.0	10.4	-4.0	-7.4						
Trucking and Warehousing	25.6	27.3	24.4	-6.2	5.1	397.31	377.65	11.72	11.62	33.9	32.5
Public Utilities	34.6	34.9	34.5	-0.7	0.5	533.57	531.96	13.24	13.20	40.3	40.3
Communications	20.0	20.2	20.4	-0.6	-1.6	504.70	501.03	12.25	12.25	41.2	40.9
Elec., Gas and Sanitary	14.6	14.7	14.1	-0.7	3.7	567.22	569.70	14.47	14.35	39.2	39.7
Trade	465.1	481.9	432.4	-3.5	7.6	221.86	226.44	7.47	7.40	29.7	30.6
Retail	347.7	363.0	321.9	-4.2	8.0	178.92	186.19	6.53	6.51	27.4	28.6
General Merchandise	52.7	57.3	46.9	-7.9	12.4	168.95	178.77	5.97	5.90	28.3	30.3
Food Stores	46.0	48.0	45.1	-4.3	2.0	194.70	207.79	7.08	7.19	27.5	28.9
Automotive	36.8	37.2	34.9	-0.9	5.5	322.56	340.75	8.96	9.16	36.0	37.2
Eating and Drinking	117.0	120.7	105.2	-3.1	11.3	100.57	103.28	4.53	4.53	22.2	22.8
Wholesale	117.4	118.9	110.5	-1.3	6.2	368.76	372.78	9.86	9.81	37.4	38.0
F.I.R.E.	107.4	107.4	103.6	0.0	3.7						
Finance	50.2	50.2	49.5	0.0	1.4						
Insurance	39.3	39.2	36.7	0.2	7.2						
Real Estate	17.9	18.0	17.4	-0.4	2.9						
Service Industries	424.9	430.5	398.6	-1.3	6.6						
Hotel and Lodging	21.1	21.5	19.1	-2.0	10.1						
Business Services	77.8	79.7	67.5	-2.4	15.3						
Health Services	136.1	136.3	133.4	-0.1	2.0						
Private Education	24.3	25.2	23.8	-3.9	1.7						
Soc. Serv., Museums etc.	91.7	92.5	85.2	-0.9	7.5						
Government	296.6	298.2	293.0	-0.5	1.2						
Federal	30.9	30.9	30.0	-0.1	3.1						
State	75.1	72.4	74.3	3.6	1.0						
Local	190.6	194.8	188.7	-2.1	1.0						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Market Conditions

Labor Force Data: State, SMSAs, and Counties

Area or County	January, 1985 Prelim.			Area or County	January 1985 Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
<u>State of Minnesota</u>	2192917	164579	7.5	<u>Lake</u>	4498	655	14.6
<u>Metropolitan Areas</u>				Lake of the Woods	1816	188	10.4
Duluth/Superior				Le Sueur	10900	1333	12.2
(Duluth City Only)	33457	3055	9.1	Lincoln	3826	409	10.7
Fargo/Moorhead				Lyon	15587	1500	9.6
(Clay County, MN Only)	28447	2026	7.1	McLeod	16463	1389	8.4
Minneapolis/St. Paul SMSA ^{2/}	1236494	61639	5.0	Mahnomen	2723	363	13.3
Rochester SMSA ^{3/} (Olmsted Co.)	61941	3104	5.0	Marshall	5875	1066	18.1
St. Cloud SMSA ^{3/}	80752	8195	10.1	Martin	13275	984	7.4
				Meeker	9695	1063	11.0
<u>Counties</u>				Mille Lacs	9143	1090	11.9
Aitkin	5205	1251	24.0	Morrison	12663	1829	14.4
Anoka	118237	6595	5.6	Mower	17479	1340	7.7
Becker	11911	2132	17.9	Murray	5683	692	12.2
Beltrami	16273	1819	11.2	Nicollet	14401	878	6.1
Benton	12451	1231	9.9	Nobles	11299	852	7.5
Big Stone	3660	333	9.1	Norman	4335	389	9.0
Blue Earth	27366	1693	6.2	Olmsted	61941	3104	5.0
Brown	14282	1241	8.7	Otter Tail	23503	3172	13.5
Carlton	11591	1497	12.9	Pennington	6063	750	12.4
Carver	22041	1068	4.8				
Cass	9806	1403	14.3	Pine	9470	1432	15.1
Chippewa	7385	1006	13.6	Pipestone	5426	352	6.5
Chisago	15918	1252	7.9	Polk	16648	1523	9.1
Clay	28447	2026	7.1	Pope	5055	491	9.7
Clearwater	4096	1073	26.2	Ramsey	258187	13126	4.9
Cook	2161	306	14.2	Red Lake	2210	471	21.3
Cottonwood	7006	592	8.4	Redwood	9755	684	7.0
Crow Wing	17268	2306	13.4	Renville	10855	1214	11.2
Dakota	118626	6668	5.6	Rice	22841	2011	8.8
Dodge	7926	855	10.8	Rock	5358	259	4.8
Douglas	13143	1266	9.6	Roseau	6049	971	16.1
Faribault	10091	892	8.8	St. Louis (Inc. Duluth)	89810	15950	17.8
Fillmore	11789	1231	10.4	Scott	26920	1889	7.0
Freeborn	17021	1415	8.3	Sherburne	15295	1626	10.6
Goodhue	19960	1507	7.6	Sibley	7819	756	9.7
Grant	3134	306	9.8	Stearns	53006	5338	10.1
Hennepin	547536	23556	4.3	Steele	16125	1210	7.5
Houston	9800	780	8.0	Stevens	5539	417	7.5
Hubbard	5530	856	15.5	Swift	6099	740	12.1
Isanti	14108	1000	7.1	Todd	10787	1171	10.9
Itasca	17172	2965	17.3	Traverse	2566	231	9.0
Jackson	7575	460	6.1	Wabasha	9247	1026	11.1
Kanabec	5486	869	15.8	Wadena	5266	598	11.4
Kandiyohi	17918	1652	9.2	Waseca	8532	611	7.2
Kittson	3232	342	10.6	Washington	68722	3509	5.1
Koochiching	8174	1523	18.6	Watowwan	6324	465	7.4
Lac qui Parle	5551	478	8.6	Wilkin	3986	333	8.4
				Winona	21731	1978	9.1
				Wright	36199	2976	8.2
				Yellow Medicine	7046	730	10.4

Technical Notes:

^{1/} Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.44; employment was multiplied by 1.01. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

^{2/} Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

^{3/} Benton, Sherburne, and Stearns Counties.

Income & Purchasing Power

This section describes how Minnesotans fare with respect to their ability to acquire goods and services needed to meet their needs and wants and how they compare with others in the United States in this respect. Real Per Capita Personal Income measures money income received by all individuals from wages and salaries, dividends, rent, professional and farm income, personal interest payments, and transfer payments, less personal contributions for social security, all adjusted for the price level as indicated by the CPI

and for population. The Consumer Price Index (CPI) measures changes in the price of a representative combination of goods and services consumed by urban wage and salary workers relative to 1967. The inverse of the CPI (1/CPI) indicates the value of the dollar; when the CPI increases the value of the dollar falls. The change in the CPI over any period of time divided by the value at the beginning of the period gives the percentage change, or the rate of inflation

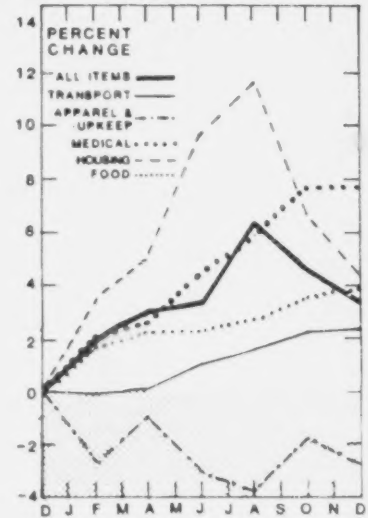
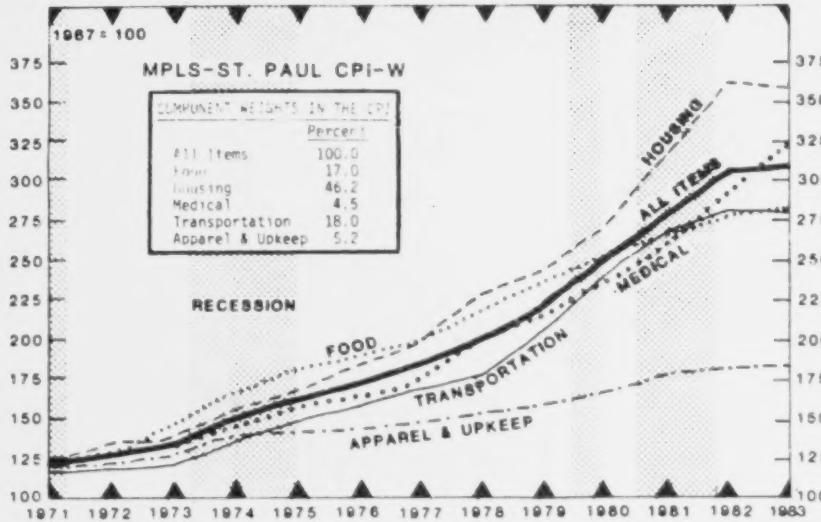
Income And Purchasing Power	MINNESOTA			UNITED STATES		
	IV QTR. 1984	Percent Change from		IV QTR. 1984	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
<u>INCOME STATISTICS</u>						
Personal Income 1/ *						
Total Personal Income (in Billions)	57.0 a/	2.4	10.9	3100.4	1.7	9.3
Due to Labor 2/	n.a.	n.a.	n.a.	2048.7	58.6	57.3
Due to Property 3/	n.a.	n.a.	n.a.	764.5	37.9	42.1
Due to Transfer Payments 4/	n.a.	n.a.	n.a.	422.3	7.0	5.1
Total Disposable Personal Income	n.a.	n.a.	n.a.	2649.4	1.6	9.1
As Percent of Total Pers. Inc.	n.a.	n.a.	n.a.	85.5	0.0	-0.1
Per Capita Personal Income 5/						
Current dollar Value	13562	2.2	10.1	13053	1.5	8.3
Real (1967) Dollar Value	4168	4.0	5.8	4182	0.8	4.6
Real Median Family Money Income 5/ *						
All Families	9511	3.7	4.7	9250	0.7	4.0
Four Person Families	9755	3.5	3.8	10798	0.7	4.1
Earnings of Production Workers in Mfg. 6/						
Average Weekly Earnings	392.79	2.9	0.2	379.91	2.2	3.5
Real Average Weekly Earnings 7/	120.71	4.6	-3.8	121.73	1.5	0.0
Income Related Criteria 8/						
Standard Budgets						
Low						
Moderate						
High						
Poverty Level Income						
Urban Family of Four	10200	---	3.0	10200	---	3.0
Nonurban Family of Four						
<u>MEASURES OF PRICE CHANGE AND INFLATION</u>						
Consumer Price Level (CPI) 9/						
Food	325.4	-1.7	4.1	312.1	0.7	3.6
Housing	312.2	0.9	4.4	304.1	0.1	3.7
Transportation	377.2	-4.6	5.0	335.0	0.5	3.2
Medical	297.0	0.6	2.4	318.0	0.8	3.3
	367.1	1.6	7.7	385.3	1.4	6.2
Purchasing Power of the Dollar (1/CPI)	.31	1.7	-3.9	.32	-0.7	-3.4
Wholesale Price Index						
Industrial Commodities	n.a.	n.a.	n.a.	309.9	-0.3	1.3
	n.a.	n.a.	n.a.	323.3	0.0	1.5

a) Personal income for Minnesota in the fourth quarter was assumed to move in tandem with that of the United States except for wage and salary disbursements and farm income. The increase in Minnesota wage and salary disbursements was assumed to reflect the difference in growth between United States and Minnesota payroll employment, whereas Minnesota farm income was assumed to reflect national and State differentials in fourth quarter farm income behavior in past years.

Income & Purchasing Power

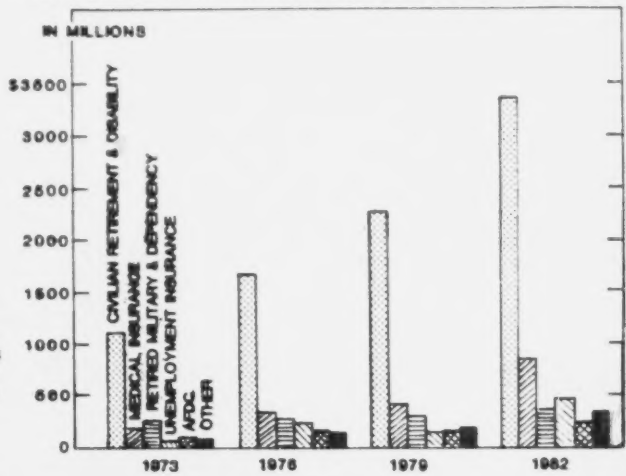
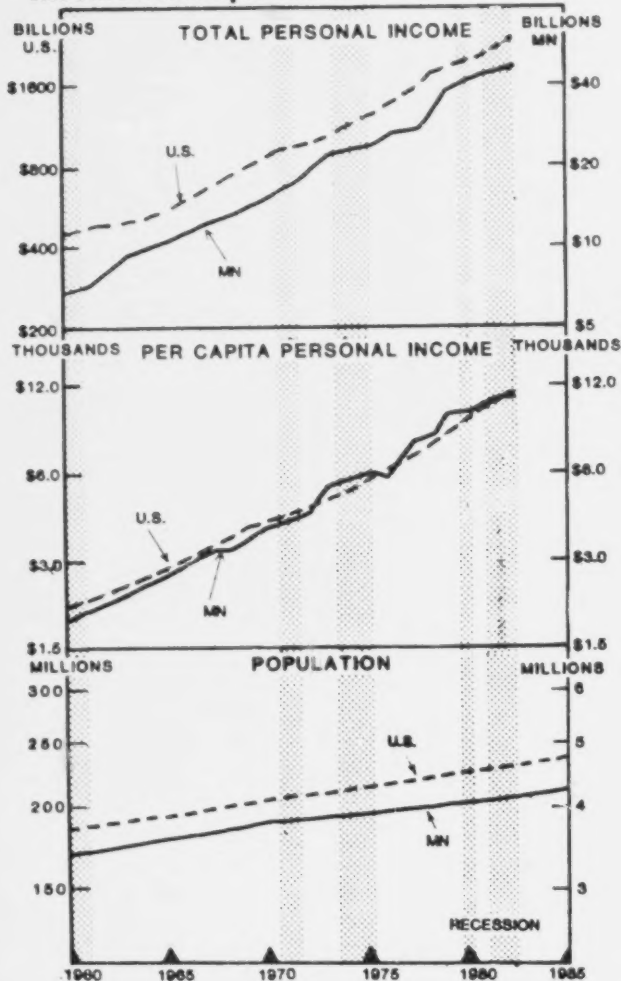
Consumer Price Index- Major Components

% Δ From Dec. 1983

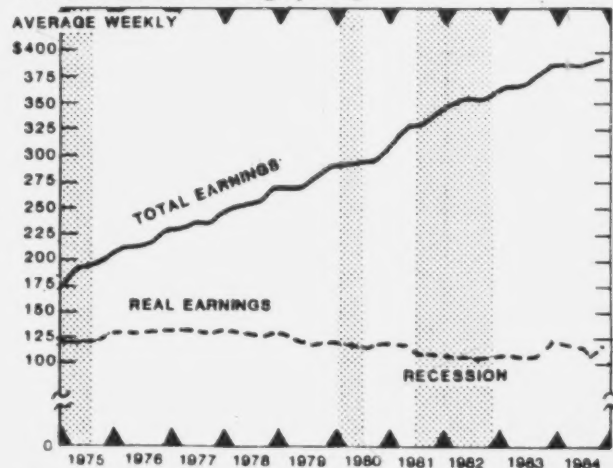


U.S. & MN Personal Income And Population

Government Transfer Payments To Individuals In Minnesota (Selected Years)



Minnesota Earnings, Mfg.



Output, Expenditures, Money, & Credit Conditions

The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination

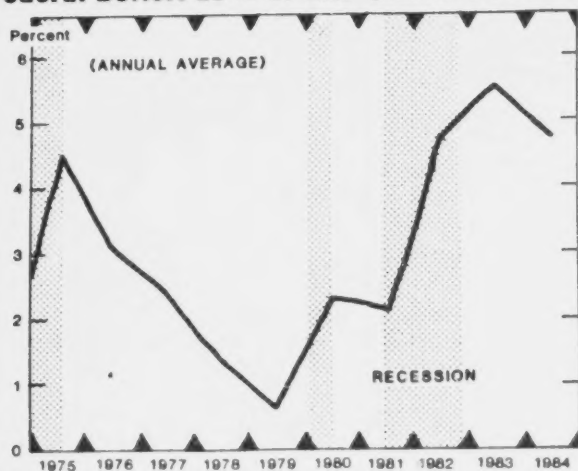
of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment. Unfortunately, most data of this kind is available only for the Nation. However, in an economy as interdependent as ours, analysis of the directions of change of key national indicators is a useful tool for understanding the course of the State economy.

Output, Expenditure, Money, And Credit Conditions	MINNESOTA			UNITED STATES		
	IV QTR. 1984	Percent Change from		IV QTR. 1984	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
OUTPUT AND EXPENDITURE						
Retail Sales (in millions of dollars)	2165	5.5	14.4	110149	2.5	8.3
Private Housing Units Authorized by Building Permits ^{1/}	25412	0.2	21.7	1532	1.9	-6.2
Index of Industrial Production ^{2/}	n.a.	n.a.	n.a.	165.3	-0.2	6.3
Gross National Product (in billions of ^{3/} 1972 dollars)*	n.a.	n.a.	n.a.	1661.1	1.0	5.6
Personal Consumption Expenditures	n.a.	n.a.	n.a.	1076.2	1.0	4.2
Durable Goods	n.a.	n.a.	n.a.	182.1	2.9	8.9
As Percent of Pers. Cons.	n.a.	n.a.	n.a.	16.9	1.8	4.3
Nondurable Goods	n.a.	n.a.	n.a.	397.5	0.5	3.7
Services	n.a.	n.a.	n.a.	496.6	0.6	3.0
Gross Private Domestic Investment	n.a.	n.a.	n.a.	289.1	-3.7	15.9
As Percent of GNP	n.a.	n.a.	n.a.	17.4	-4.4	9.4
Nonresidential, Fixed	n.a.	n.a.	n.a.	215.1	2.7	16.6
Residential	n.a.	n.a.	n.a.	59.8	-0.5	3.5
Net Exports	n.a.	n.a.	n.a.	-15.2	#	#
Government Purchases	n.a.	n.a.	n.a.	311.0	1.6	7.7
Federal	n.a.	n.a.	n.a.	129.1	3.3	14.2
State and Local	n.a.	n.a.	n.a.	181.9	0.4	3.5
GNP Gap (Full Empl. Minus Present GNP) 1972 Dollars (in billions) Current Dollars (in billions)						
Current Federal Budget Deficit ^{4/} As Percent of GNP	n.a.	n.a.	n.a.	-5.3	-4.9	-5.3
Inventory to Sales: Durable Goods in Mfg.	n.a.	n.a.	n.a.	1.88	0.0	1.6
New Orders to Shipments: Durable Goods	n.a.	n.a.	n.a.	0.99	-2.3	-5.5
Plant Capacity Utilization Rate in Mfg. ^{5/}	n.a.	n.a.	n.a.	81.9	-0.7	3.8
MONEY AND CREDIT CONDITIONS						
Interest Rates						
Discount Rate	8.73	-3.0	2.7	8.73	-3.0	2.7
Prime Rate	n.a.	n.a.	n.a.	11.80	-9.2	7.3
Rate on Conventional Mortgages	12.70	4.9	8.0	12.85	1.3	2.6
Federal Funds Rate	n.a.	n.a.	n.a.	9.27	-18.6	-1.7
Consumer Installment Credit Outstanding	n.a.	n.a.	n.a.	465283	4.9	20.3
As Percent of Disposable Personal Income	n.a.	n.a.	n.a.	17.6	3.2	10.3

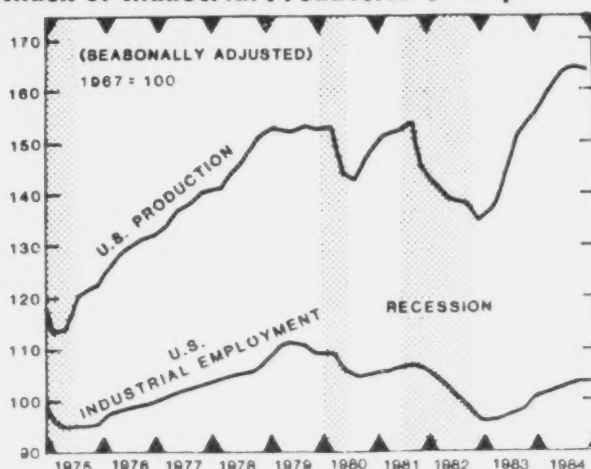
Percentage change not applicable.

Output, Expenditures, Money, & Credit Conditions

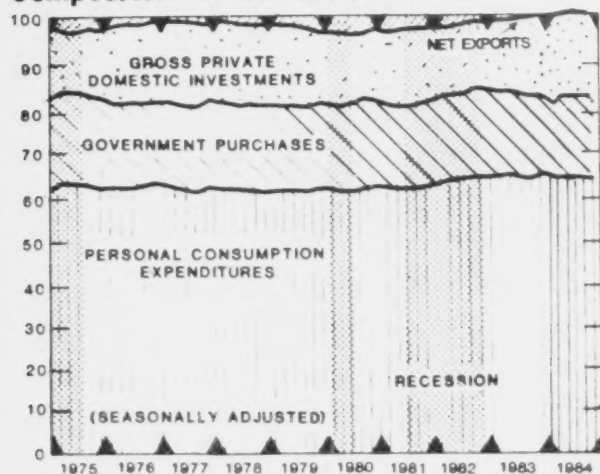
Federal Deficit as % of GNP (Current Dollars)



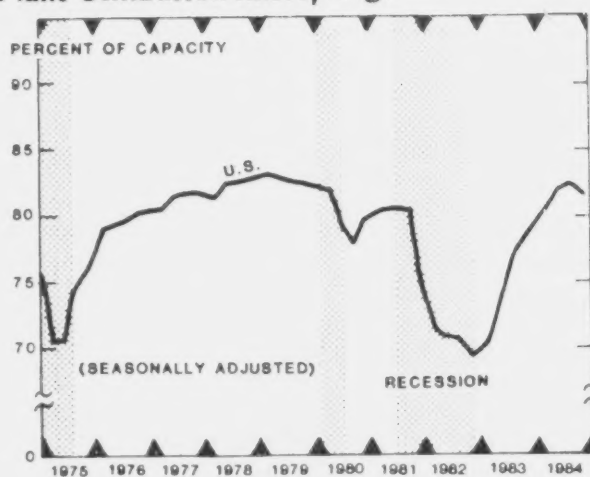
Index of Industrial Production & Emp.



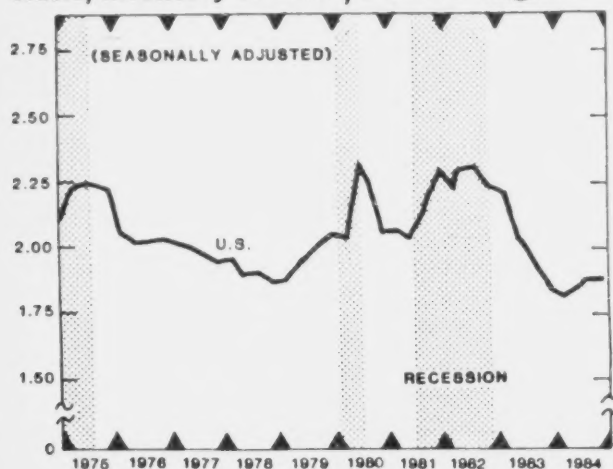
Composition of GNP in Percent



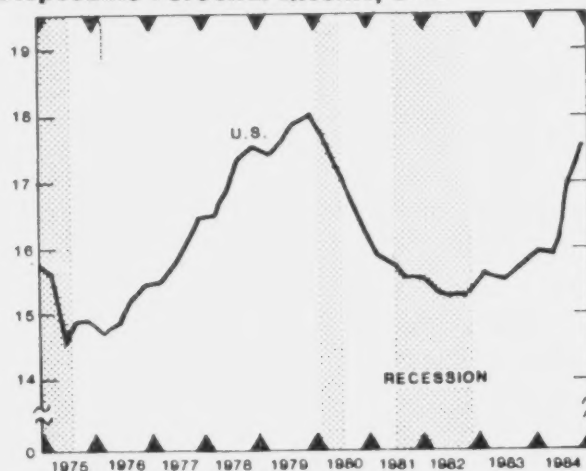
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.



Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.



Technical Notes

For the reader's convenience the notes which follow are organized in sequence for the pages which appear in the statistical section. Each note corresponds to the footnote or reference notation for the given page.

* Wherever an asterik appears the data is seasonally adjusted.

Page S-2

- 1/ Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.
- 2/ Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

Page S-3

- 1/ The handbook unemployment rate is the estimate of unemployment prior to the Current Population Survey (CPS) adjustment.

Page S-7

- 1/ In billions of dollars at an annual rate.
- 2/ The contribution to total Personal Income of wages, salaries, and other labor income. Percent change entry in Labor Income Impact is the percent that the change in labor income comprises of the change in total Personal Income. This is not available for Minnesota on a quarterly basis.
- 3/ The figure for the quarter is the contribution to total Personal Income of proprietor's rental, dividend, and interest income. The percent change entry in Property Income Impact is analogous to the Labor Income Impact described in 2/ above.
- 4/ The contribution to total Personal Income of transfer payments (unemployment compensation, AFDC, etc.) The percent change entry is analogous to the Labor Income Impact in 2/ above.
- 5/ In dollars at an annual rate.
- 6/ In dollars per week.
- 7/ Real average weekly earnings are the average weekly earnings of production workers in manufacturing divided by the CPI.
- 8/ Annual data.
- 9/ Value is CPI-W (Urban Wage earners and clerical workers).

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- 1/ U.S. data annualized in thousands. Source: Bureau of the Census.
- 2/ Base Year is 1967. Source: Federal Reserve Board.
- 3/ Totals may not add due to rounding.
- 4/ Values shown in percent change columns are deficit as percent of GNP for period cited.
- 5/ Source: Federal Reserve Board.

support prices and the parity price. There have also been times when the prices received by farmers were above the parity price and there was no need for a support price.

Since 1933, support prices for selected farm commodities have generally been below 90 percent of the parity price. At the same time, however, support prices have often exceeded market prices by a substantial amount, thus inducing further production even if acreage restrictions were tied to eligibility for support price protection.^{2/} Moreover, with the relative price inelasticity of farm commodities, any surplus significantly depresses commodity prices, causing the difference between the support and market price to widen. In the intervening years since the concepts of parity and support prices were adopted, it is problematical whether the terms of trade between the farm and nonfarm sector have appreciably improved. When the Agricultural Adjustment Act was being debated in 1933 it was observed that rural poverty was more pervasive than urban poverty. Studies over the past 15 years suggest that not only does the rural income disparity with the urban community still prevail, but that rural poverty remains more pervasive. Many would also argue that the chief beneficiaries of the support price system have been those whose income parity was never really in jeopardy while those in jeopardy remain largely untouched. In the end whether the price support system can equalize the terms of trade between the farm and nonfarm sector is an unanswered question. As for saving the family farm, it seems doubtful.

^{2/} Ironically despite currently depressed market conditions and surpluses, farmers both nationally and in Minnesota plan to increase acreages for wheat and corn in the 1985 production year.

Available Publications

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

Labor Market Information Summary for 1985 for Minneapolis-St. Paul SMSA (May 1984), St. Cloud SMSA (June 1984), Duluth SMSA (Sept. 1984), and Minnesota April 1984)

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings, January 1950 - December 1983 (April 1984)

Employment, Hours, and Earnings, January 1970 - February 1984, Minneapolis - St. Paul Area (April 1984)

1982 Occupational Employment Statistics in Minnesota (April 1984)

1984 Minnesota Salary Survey by Area (September 1984)

1984 Minnesota Hospitals and Nursing Homes Salary Survey (September 1984)

1984 Minnesota Wage Data by Industry and Size of Firm (September 1984)

Minnesota Labor Market Information Directory (June 1984)

Minnesota Employment and Wage Data by County (Fourth Quarter 1983) Limited number available for 1975-1983

Average Covered Employment & Wages by Economic Region for the Calendar Year 1982 by Two Digits of Industry (also available for 1976-81)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950 - 1978

Cyclical Sensitivity in Minnesota (August 1981)

Write to: Director, Research and Statistical Services Office
Minnesota Department of Economic Security
390 North Robert Street
St. Paul, Minnesota 55101

CURRENT MINNESOTA LABOR MARKET CONDITIONS

3/20/85 54160-3 A

January, 1985 Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

The Nation's economy grew stronger in December as most indicators of economic activity showed solid improvement. Moreover, the strength of the economy in December and the fourth quarter has caused a number of economists who had been predicting a growth recession to forecast strong growth for 1985.

Even with a small rise in the unemployment rate, the employment picture was still quite bright in December. Year end revisions show that the seasonally adjusted unemployment rate rose to 7.2 percent in December from 7.1 percent in November, and compared favorably to 7.3 percent in October and 7.5 percent in the third quarter. Total employment, also seasonally adjusted, rose by 341,000 in December, the largest gain since May. Although the December increase in seasonally adjusted nonfarm payroll employment was somewhat smaller than in the past two months, employment in manufacturing, helped by lower inventories and decreasing imports, posted its biggest advance since March, climbing by a robust 85,000.

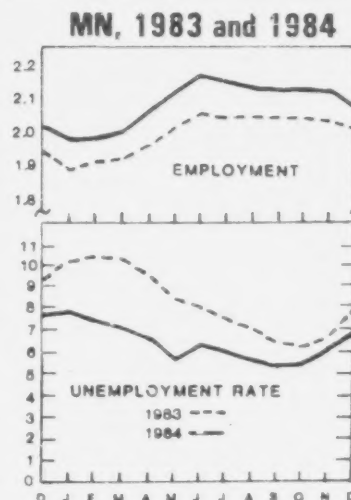
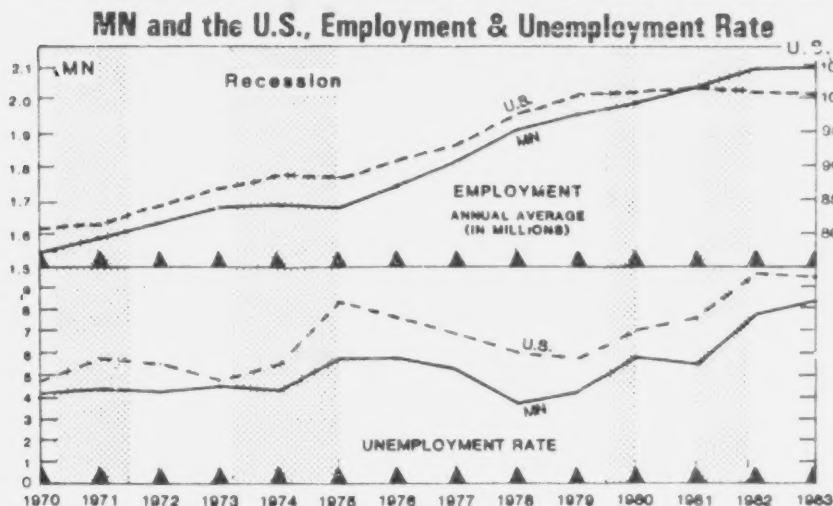
Other reports for December and the fourth quarter also indicated that the economy was quite healthy. Industrial production experienced its strongest increase in five months while personal income and spending continued to show strong growth in December. Also, housing starts rose for the second consecutive month in December. Although retail sales fell by a small 0.1 percent in December, it came after a sharp 2 percent climb in November. Perhaps the most significant development was the larger than expected rise of 3.9 percent in real gross national product in the fourth quarter.

State

The Minnesota economy appeared to be rather weak in December as both seasonally adjusted total employment and nonfarm wage and salary employment declined. However, the seasonally adjusted unemployment rate fell slightly in December due to a larger than average decrease in the labor force.

Minnesota's seasonally adjusted unemployment rate edged down to 6.4 percent in December from 6.5 percent in November. This compared with a 6.4 percent in October and the third quarter and 7.3 percent in December, 1983. Meanwhile, seasonally adjusted total employment fell by 9600 in December after gains of 2300 in November and 12,700 in October. However, December employment was still 69,000 higher than that of a year ago. Much the same situation existed for seasonally adjusted nonfarm payroll employment, which suffered its first monthly decline since the recovery began. The December drop in payroll employment was primarily the result of a large number of layoffs in the taconite mining industry. However, even without the decline in Mining employment, total payroll employment would have shown little growth in December since the services industry was the only sector in which employment grew substantially. Over-the-year, payroll employment rose by 109,200 with the largest gains being in trade (36,000), services (27,900), and manufacturing (22,200).

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	December 1984	Change Last Mo.	From Year Ago	December 1984	Change Last Mo.	From Year Ago
Civilian Labor Force	2227.2	-18.3	52.0	114.0	-0.1	2.2
Employed	2076.2	-32.7	69.0	106.0	-0.2	3.2
Unemployed	151.0	14.4	-17.0	8.0	0.1	-1.0
Unemployment Rate						
Actual	6.8	0.7	-0.9	7.0	0.1	-1.0
Seasonally Adjusted	6.4	-0.1	-0.9	7.2	0.0	-1.0



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Dec. 1984	Nov. 1984	Dec. 1983	Nov. 1984	Dec. 1983	Dec. 1984	Nov. 1984	Dec. 1984	Nov. 1984	Dec. 1984	Nov. 1984
TOTAL NONAGRICULTURAL	1866.1	1876.3	1757.1	-0.5	6.2						
MANUFACTURING	372.4	375.4	350.6	-0.8	6.2	395.52	391.95	9.79	9.75	40.4	40.2
Durable Goods	224.8	226.7	209.9	-0.8	7.1	410.27	404.26	9.91	9.86	41.4	41.0
Furniture, Lumber and Wood	16.2	16.6	14.6	-2.2	10.8	394.68	394.35	10.12	10.06	39.0	39.2
Stone, Clay and Glass	8.7	9.5	8.8	-8.8	-1.2	382.70	386.06	10.26	10.35	37.3	37.3
Primary Metals	5.9	5.9	5.6	0.5	5.5	380.30	381.10	9.39	9.25	40.5	41.2
Fabricated Metals	33.9	34.1	33.1	-0.8	2.4	470.22	461.05	11.09	11.03	42.4	41.8
Nonelectrical Machinery	90.7	90.5	83.5	0.2	8.6	430.10	420.84	10.12	10.02	42.5	42.0
Electrical Machinery	26.5	29.0	26.7	-1.8	6.4	338.02	327.18	8.01	7.98	42.2	41.0
Transportation Equipment	7.0	6.9	6.7	0.9	3.7	462.73	470.38	11.15	11.28	41.5	41.7
Other Durable Goods ^{2/}	34.0	34.2	30.9	-0.6	10.3	388.95	382.15	9.58	9.53	40.6	40.1
Nondurable Goods	147.6	148.7	140.7	-0.7	4.9	375.57	375.36	9.63	9.60	39.0	39.1
Food and Kindred	45.4	46.0	43.9	-1.2	3.4	319.99	319.41	8.29	8.19	38.6	39.0
Textile and Apparel	5.2	5.3	4.8	-2.9	8.2	230.76	228.89	6.17	6.12	37.4	37.4
Paper and Allied	33.2	33.6	32.7	-1.3	1.6	492.48	495.35	11.40	11.44	43.2	43.3
Printing and Publishing	41.2	41.2	37.6	0.0	9.4	373.46	378.39	10.52	10.54	35.5	35.9
Chemical and Petroleum	9.5	9.6	9.2	-1.0	3.3	472.37	441.54	11.41	11.15	41.4	39.6
Rubber and Leather	13.2	13.0	12.6	1.5	5.0	311.64	310.01	7.95	7.99	39.2	38.8
NONMANUFACTURING	1493.7	1500.9	1406.5	-0.5	6.2						
Mining and Quarrying	5.5	8.4	7.0	-34.4	-21.4	467.25	500.13	12.46	12.89	37.5	38.8
Metal Mining	3.8	6.3	5.4	-38.9	-29.8	499.26	518.47	13.83	13.90	36.1	37.3
Construction	72.5	82.1	60.2	-11.8	20.4	580.61	577.97	15.36	15.13	37.8	38.2
Building	21.8	22.9	18.7	-5.1	16.8	567.31	558.93	14.29	14.15	39.7	39.5
Highway and Heavy	8.9	14.1	7.2	-37.0	23.7	483.84	516.48	13.44	13.45	36.0	38.4
Special Trades	41.8	45.1	34.4	-7.3	21.7	608.96	608.25	16.37	16.22	37.2	37.5
Transportation	64.2	64.1	60.7	0.2	5.9						
Railroads	9.8	9.9	10.8	-1.0	-9.1						
Trucking and Warehousing	26.7	26.3	24.9	1.3	6.9	408.32	406.35	11.60	11.61	35.2	35.0
Public Utilities	34.2	34.4	34.2	-0.5	-0.2	524.02	526.93	13.30	13.34	39.4	39.5
Communications	19.7	19.6	20.1	0.1	-2.1	484.51	484.51	12.36	12.36	39.2	39.2
Elec., Gas and Sanitary	14.5	14.7	14.2	-1.3	2.5	569.84	574.71	14.39	14.44	39.6	39.8
Trade	481.8	476.6	445.1	1.1	8.2	220.66	218.74	7.38	7.44	29.9	29.4
Retail	366.1	360.3	334.3	1.6	9.5	178.11	175.98	6.43	6.47	27.7	27.2
General Merchandise	59.1	56.2	51.7	5.1	14.3	165.29	160.75	5.82	5.91	28.4	27.2
Food Stores	47.6	46.8	45.0	1.7	5.7	209.96	209.76	7.24	7.36	29.0	28.5
Automotive	36.8	36.4	34.2	1.0	7.5	320.41	325.97	8.95	8.98	35.8	36.3
Eating and Drinking	119.1	119.6	106.5	-0.5	11.8	95.48	92.86	4.38	4.38	21.8	26.2
Wholesale	115.7	116.3	110.8	-0.5	4.5	385.15	381.27	10.03	10.06	38.4	37.9
F.I.R.E.	106.6	106.2	102.1	0.4	4.4						
Finance	48.6	48.4	48.9	0.4	-0.7						
Insurance	38.9	38.6	36.2	0.7	7.5						
Real Estate	19.2	19.3	17.0	-0.5	12.9						
Service Industries	428.6	426.7	401.2	0.4	6.8						
Hotel and Lodging	23.1	23.1	20.9	-0.2	10.4						
Business Services	73.7	73.0	64.7	1.0	13.9						
Health Services	136.5	136.0	134.5	0.4	1.5						
Private Education	25.1	25.2	24.8	-0.4	1.2						
Soc. Serv., Museums etc.	92.5	91.8	86.9	0.8	6.4						
Government	300.3	302.3	296.0	-0.7	1.4						
Federal	31.7	31.6	30.4	0.5	4.4						
State	73.4	76.2	74.7	-3.6	-1.7						
Local	195.2	194.6	190.9	0.3	2.2						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, SMSAs, and Counties

Area or County	December, 1984 Prelim.			Area or County	December, 1984 Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
State of Minnesota	2227170	151007	6.8	Lake	4230	703	16.7
Metropolitan Areas				Lake of the Woods	1913	204	10.7
Duluth/Superior (Duluth City Only)	33642	2651	7.9	Le Sueur	11136	1171	10.5
Fargo/Moorhead (Clay County, MN Only)	27694	1597	5.8	Lincoln	3576	304	8.5
Minneapolis/St. Paul SMSA ^{2/}	1244761	57609	4.6	Lyon	15817	1115	7.0
Rochester SMSA ^{3/} (Olmsted Co.)	59846	2969	5.0	McLeod	16873	1315	7.8
St. Cloud SMSA ^{3/}	80795	7276	9.0	Mahnomen	2808	361	12.9
Counties				Marshall	6126	965	15.8
Aitkin	5378	1008	18.7	Martin	13561	904	6.7
Anoka	118515	6130	5.2	Meeker	10445	960	9.2
Becker	12108	1477	12.2	Mille Lacs	9274	973	10.5
Beltrami	16855	1690	10.1	Morrison	12707	1598	12.6
Benton	12531	1189	9.5	Mower	17654	1174	6.7
Big Stone	3852	324	8.4	Murray	5751	533	9.3
Blue Earth	28887	1705	5.9	Nicollet	14846	854	5.8
Brown	14744	1143	7.8	Nobles	11737	838	7.1
Carlton	11974	1352	11.3	Norman	4368	337	7.7
Carver	22203	961	4.3	Olmsted	59846	2969	5.0
Cass	10181	1358	13.3	Otter Tail	24261	2562	10.6
Chippewa	7403	739	10.0	Pennington	6280	691	11.0
Chisago	15855	1109	7.0	Pine	9645	1283	13.3
Clay	27694	1597	5.8	Pipestone	5748	315	5.5
Clearwater	4031	919	22.8	Polk	17200	1509	8.8
Cook	2149	249	11.6	Pope	5205	452	8.7
Cottonwood	7098	547	7.7	Ramsey	275691	12052	4.4
Crow Wing	17602	2115	12.0	Red Lake	2201	425	19.3
Dakota	117390	6087	5.2	Redwood	10284	683	6.6
Dodge	8147	770	9.5	Renville	11203	1156	10.3
Douglas	13601	1169	8.6	Rice	23467	1822	7.8
Faribault	10626	737	6.9	Rock	5454	245	4.5
Fillmore	12085	1115	9.2	Roseau	6201	675	14.1
Freeborn	17419	1300	7.5	St. Louis (Inc. Duluth)	88993	14787	16.6
Goodhue	20245	1427	7.0	Scott	26830	1724	6.4
Grant	3365	279	8.3	Sherburne	14893	1425	9.6
Hennepin	563490	23689	4.2	Sibley	8026	719	9.0
Houston	10028	708	7.1	Stearns	53371	4662	8.7
Hubbard	5843	791	13.5	Steele	16597	1171	7.1
Isanti	10964	943	8.6	Stevens	5704	418	7.3
Itasca	18071	2781	15.4	Swift	6221	723	11.6
Jackson	7571	412	5.4	Todd	10847	1067	9.8
Kanabec	5584	825	14.8	Traverse	2683	229	8.5
Kandiyohi	18499	1521	8.2	Wabasha	9378	903	9.6
Kittson	3297	318	9.6	Wadena	5366	537	10.0
Koochiching	7780	887	11.4	Waseca	8812	651	7.4
Lac qui Parle	5544	448	8.1	Washington	68178	3057	4.5
				Watonswan	6509	428	6.6
				Wilkin	4115	320	7.8
				Winona	22707	1642	7.2
				Wright	36609	2800	7.6
				Yellow Medicine	7214	564	7.8

Technical Notes:

^{1/} Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is Applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.44; employment was multiplied by 1.02. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

^{2/} Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

^{3/} Benton, Sherburne, and Stearns Counties.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

In December the number of claimants for unemployment benefits rose by a strong 19,917 or 63.7 percent. The December percentage gain compares with an average rise of 50.6 percent between November and December over the past six years. Claimants in mining climbed almost three times as much in percentage terms as they normally do in December as a result of the recent layoffs at taconite plants. The number of claimants in construction and manufacturing also increased faster than usual in December. Moreover, seasonally adjusted data showed that total claimants rose for the second consecutive month in December. On an over-the-year basis, the total number of claimants exceeded the year earlier level for the first time since February 1983. The over-the-year gain was 1,653 or 3.4 percent and was almost totally the result of a very large rise among claimants in the mining industry.

Table 1. Distribution of Insured Unemployed, By Age and Sex, December, 1984

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	50415	76.8	100.0	100.0
Under 45	39094	77.6	78.4	74.7
Under 25	9781	77.5	19.6	18.8
25-34	18864	78.8	38.4	34.2
35-44	10449	75.7	20.4	21.7
45 and Over	11321	73.8	21.6	25.3
45-54	6563	74.6	12.7	14.2
55 and Over	4758	72.7	8.9	11.1

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 2. Distribution of Insured Unemployed By Industry and Occupation, December, 1984

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term ^{1/} Unemployed	Women as Percent of Total
Total, All Industries	50415	100.0	9.5	23.2
Ag., For., Fish.	1614	3.2	2.3	11.0
Mining	5216	10.3	1.4	4.0
Construction	13504	26.8	1.5	3.3
Manufacturing	12004	23.8	13.4	33.7
Pub. Utilities	2094	4.1	11.0	13.6
Wholesale Trade	2872	5.7	15.7	22.0
Retail Trade	4116	8.2	15.4	39.4
Fin., Ins., Real Est.	1212	2.4	26.1	58.8
Services	5832	11.6	19.2	51.9
Public Admin.	1155	2.3	7.6	34.0
Inf. Not Available	796	1.6	1.6	19.8
Total, All Occupations	50415	100.0	9.5	23.2
Prof., Tech., Mgr.	4566	9.1	25.4	40.8
Clerical	3684	7.3	21.7	80.4
Sales	1448	2.9	20.3	31.3
Services	2969	5.9	15.7	58.9
Farm., For., Fish.	1466	2.9	1.7	13.8
Processing	1562	3.1	13.0	31.9
Machine Trades	2767	5.5	13.4	13.5
Benchwork	4429	8.8	11.3	53.2
Structural Work	15086	29.9	2.6	2.4
Misc.	12116	24.0	4.6	6.8
Inf. Not Available	322	0.6	26.8	41.5

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Table 3. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) Dec., 1984	Job Openings (Demand) Dec., 1984	Supply/Demand Ratio	
			Dec., 1984	Dec., 1984
Total				
Prof., Tech., Mgr.				
Clerical				
Sales				
Dom. Services				
Other Services				
Farm., Fish., For.				
Processing				
Machine Trades				
Benchwork				
Structural Work				
Mtr. Frt., Trans.				
Pkg. & Mat. Hndlg.				
Other				

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

CURRENT MINNESOTA LABOR MARKET CONDITIONS

4/8/85

54160-3

March, 1985 Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul, MN 55104, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

Because of a mixture of developments among the Nation's economic indicators in February, it was difficult to gauge the strength of the economy. The data for March and April should give a better indication of the direction of economic activity.

Although the unemployment rate fell and total employment registered a good gain, nonfarm payroll employment rose very slowly in February. The seasonally adjusted unemployment rate dropped from 7.4 percent in January to 7.3 percent in February, the same as in October, 1984, and 0.4 of a point below a year ago. Also, total employment (seasonally adjusted) rose by 294,000 in February after a gain of 118,000 in January. However, seasonally adjusted total nonfarm payroll employment increased by only 119,000 after a rise of 312,000 in January. While bad weather was primarily responsible for the declines of 52,000 in construction employment and 55,000 in durable goods manufacturing employment, increasing imports were the main cause of a 22,000 drop nondurable goods manufacturing employment. Meanwhile, employment in the services-producing industries rose strongly again February, climbing by 255,000.

Other indicators also gave out mixed signals in February. Retail sales and personal consumption expenditures posted strong gains while industrial production and housing starts fell substantially. Personal income showed very modest growth as factory payrolls declined. The decline in industrial production was the result of a combination of bad weather and rising imports.

State

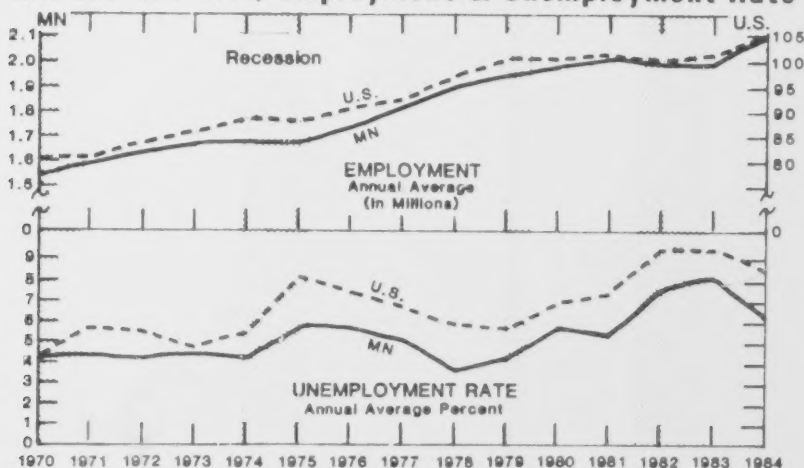
The Minnesota economy continued to exhibit modest improvement in February as the unemployment rate fell and both total and nonfarm wage and salary employment rose. However, Department analysts feel that the decline in the unemployment rate was overstated.

Although the State's seasonally adjusted unemployment rate dropped 0.5 of a point to 5.9 percent in February, analysts believe that 0.4 of the decline in the rate was due to adjustments required by Federal regulations. Seasonally adjusted total employment rose by 5,800 in February and was 75,100 above the year earlier level. Also, nonfarm payroll employment (seasonally adjusted) climbed by 5,400 in February after a rise of 7,100 in January and an average monthly increase of 8,900 during 1984. At 1,833,500, payroll employment in February was 87,200 higher than a year earlier and 192,300 above the recession low. The over-the-month gain in payroll employment was unusual in that nearly three-fourths of the increase was in mining and manufacturing. On an over-the-year basis and during the recovery well over half of the gains in payroll employment have been in the trade and services industries.

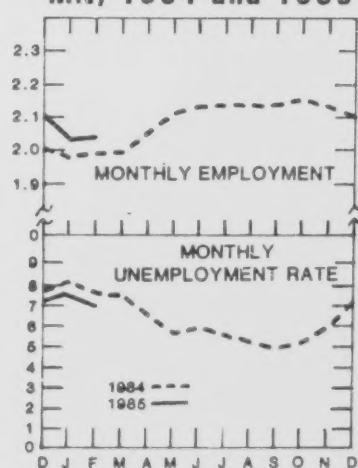
Developments among the available leading indicators in February were generally favorable. Seasonally adjusted average weekly initial claims for unemployment benefits, an indicator of future unemployment, fell for the second straight month in February while building permits for private housing, also seasonally adjusted, rose significantly in February.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	February 1985	Change Last Mo.	From Year Ago	February 1985	Change Last Mo.	From Year Ago
Civilian Labor Force	2196.0	2.4	46.9	113.6	0.1	2.2
Employed	2043.2	14.2	60.7	104.7	0.3	2.7
Unemployed	152.8	-11.8	-13.8	8.9	-0.2	-0.5
Unemployment Rate						
Actual	7.0	-0.5	-0.8	7.8	-0.2	-0.6
Seasonally Adjusted	5.9	-0.5	-0.7	7.3	-0.1	-0.5

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Feb. 1985	Jan. 1985	Feb. 1984	Jan. 1985	Feb. 1984	Feb. 1985	Jan. 1985	Feb. 1985	Jan. 1985	Feb. 1985	Jan. 1985
TOTAL NONAGRICULTURAL	1833.5	1828.4	1746.3	0.3	5.0						
MANUFACTURING	374.5	372.4	357.5	0.6	4.8	398.40	398.38	9.96	9.91	40.0	40.2
Durable Goods	226.2	224.9	215.4	0.6	5.0	411.48	409.00	10.11	10.00	40.7	40.9
Furniture, Lumber and Wood	15.9	15.5	15.0	2.3	5.9	401.38	400.16	10.48	10.34	38.3	38.7
Stone, Clay and Glass	7.4	7.6	7.3	-2.9	1.6	370.26	369.66	10.20	10.24	36.3	36.1
Primary Metals	6.0	5.9	5.8	1.6	3.0	371.16	389.85	9.21	9.26	40.3	42.1
Fabricated Metals	35.4	35.3	34.1	0.3	3.6	451.36	453.28	10.85	10.87	41.6	41.7
Nonelectrical Machinery	95.8	95.3	87.8	0.6	9.1	445.42	450.06	10.58	10.54	42.1	42.7
Electrical Machinery	27.2	26.9	26.4	1.1	3.1	315.99	306.52	8.02	7.76	39.4	39.5
Transportation Equipment	6.5	6.0	6.5	7.2	-1.0	500.02	405.41	11.71	10.53	42.7	38.5
Other Durable Goods 2/	32.1	32.4	32.5	-0.7	-1.2	391.23	392.76	9.66	9.65	40.5	40.7
Non durable Goods	148.3	147.5	142.0	0.5	4.4	380.25	383.77	9.75	9.79	39.0	39.2
Food and Kindred	44.7	44.5	43.6	0.5	2.6	335.81	342.95	8.48	8.51	39.6	40.3
Textile and Apparel	4.6	4.6	5.0	0.0	-7.2	218.54	219.82	6.28	6.39	34.8	34.4
Paper and Allied	33.6	33.6	32.8	0.1	2.5	486.57	485.83	11.53	11.54	42.2	42.1
Printing and Publishing	41.3	41.1	38.2	0.5	8.4	374.44	380.46	10.43	10.51	35.9	36.2
Chemical and Petroleum	10.0	9.8	9.5	2.3	5.4	446.02	456.03	11.04	11.26	40.4	40.5
Rubber and Leather	14.0	13.9	13.1	0.4	7.2	323.47	318.63	8.21	8.17	39.4	39.0
NONMANUFACTURING	1459.0	1456.0	1388.8	0.2	5.1						
Mining and Quarrying	7.0	5.4	8.8	29.4	-20.9	478.93	474.54	12.67	12.39	37.8	38.3
Metal Mining	5.7	4.1	7.6	38.7	-25.3	493.86	495.88	13.42	13.33	36.8	37.2
Construction	58.5	60.1	49.8	-2.7	17.3	586.24	592.38	15.55	15.63	37.7	37.9
Building	17.3	18.0	15.5	-3.5	11.8	529.24	532.13	14.46	14.46	36.6	36.8
Highway and Heavy	5.4	5.4	4.9	-0.1	10.7	507.29	513.78	13.01	13.04	39.0	39.4
Special Trades	35.7	36.7	29.5	-2.7	21.4	626.24	634.12	16.48	16.60	38.0	38.2
Transportation	61.7	61.3	60.5	0.6	2.1						
Railroads	9.5	9.6	10.4	-1.0	-8.1						
Trucking and Warehousing	25.7	25.4	24.3	1.2	5.4	395.30	396.81	11.73	11.74	33.7	33.8
Public Utilities	34.6	34.6	34.3	-0.1	0.9	542.94	532.65	13.34	13.25	40.7	40.2
Communications	20.0	20.0	20.2	0.0	-0.8	503.48	503.89	12.25	12.26	41.1	41.1
Elec., Gas and Sanitary	14.6	14.6	14.1	-0.2	3.4	590.40	567.22	14.65	14.47	40.3	39.2
Trade	458.8	465.0	429.4	-1.3	6.8	220.37	220.37	7.47	7.47	29.5	29.5
Retail	342.4	347.7	318.6	-1.5	7.5	178.00	178.27	6.52	6.53	27.3	27.3
General Merchandise	50.3	53.3	44.8	-5.6	12.2	167.28	161.34	6.15	6.02	27.2	26.8
Food Stores	46.6	46.0	44.7	-0.9	2.1	198.10	196.63	7.23	7.15	27.4	27.5
Automotive	37.2	36.9	35.1	0.6	5.9	313.64	320.84	8.86	8.79	35.4	36.5
Eating and Drinking	116.2	116.7	105.5	-0.5	10.2	104.65	103.73	4.61	4.59	22.7	22.6
Wholesale	116.4	117.3	110.8	-0.7	5.1	365.19	368.15	9.87	9.87	37.0	37.3
F.I.R.E.	107.6	107.5	103.7	0.1	3.8						
Finance	50.5	50.5	49.5	0.1	2.0						
Insurance	39.3	39.2	37.0	0.4	6.4						
Real Estate	17.8	17.9	17.2	-0.7	3.2						
Service Industries	427.8	425.3	402.9	0.6	6.2						
Hotel and Lodging	21.5	21.2	19.3	1.4	11.7						
Business Services	78.5	77.7	69.0	0.9	13.8						
Health Services	136.6	136.5	133.6	0.1	2.2						
Private Education	24.7	24.0	24.9	3.0	-0.8						
Soc. Serv., Museums etc.	92.1	91.7	86.1	0.4	6.9						
Government	303.0	296.7	299.4	2.1	1.2						
Federal	30.9	30.9	30.0	0.1	3.1						
State	77.7	75.4	76.5	3.1	1.6						
Local	194.3	190.5	192.9	2.0	0.7						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, SMSAs, and Counties

Area or County	February, 1985 Prelim.			Area or County	February, 1985 Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
<u>State of Minnesota</u>	2195983	152759	7.0	Lake	4473	601	13.4
<u>Metropolitan Areas</u>				Lake of the Woods	1716	177	10.3
Duluth/Superior				Le Sueur	10963	1269	11.6
(Duluth City Only)	33506	2902	8.7	Lincoln	3601	336	9.3
Fargo/Moorhead				Lyon	15272	1069	7.0
(Clay County, MN Only)	28432	1782	6.3	McLeod	16519	1307	7.9
Minneapolis/St. Paul SMSA ^{2/}	1239678	59232	4.8	Mahnomen	2732	339	12.4
Rochester SMSA ^{3/} (Olmsted Co.)	60935	2785	4.6	Marshall	5057	972	16.6
St. Cloud SMSA ^{3/}	81175	7920	9.8	Martin	13542	1040	7.7
				Meeker	9791	989	10.1
<u>Counties</u>				Mille Lacs	9134	1051	11.5
Aitkin	5242	1191	22.7	Morrison	12793	1741	13.6
Anoka	118561	6388	5.4	Mower	17766	1243	7.0
Becker	11564	1653	14.3	Murray	5670	578	10.2
Beltrami	16272	1672	10.3	Nicollet	14662	889	6.1
Benton	12567	1239	9.9	Nobles	11401	875	7.7
Big Stone	3657	296	8.1	Norman	4415	390	8.8
Blue Earth	27762	1615	5.8	Olmsted	60935	2785	4.6
Brown	14520	1276	8.8	Otter Tail	23850	2972	12.5
Carlton	11403	1418	12.4	Pennington	5991	628	10.5
Carver	22186	1114	5.0				
Cass	9796	1288	13.1	Pine	9541	1388	14.5
Chippewa	7246	792	10.9	Pipestone	5498	340	6.2
Chisago	16079	1343	8.4	Polk	16794	1417	8.4
Clay	28432	1782	6.3	Pope	5155	474	9.2
Clearwater	4043	1018	25.2	Ramsey	265518	12243	4.6
Cook	2134	272	12.7	Red Lake	2029	320	15.8
Cottonwood	7083	524	7.4	Redwood	9932	737	7.4
Crow Wing	17290	2148	12.4	Renville	10950	1120	10.3
Dakota	118682	6191	5.2	Rice	23112	1933	8.4
Dodge	8068	650	10.6	Rock	5334	270	5.2
Douglas	13273	1196	9.0	Roseau	6025	773	12.8
Faribault	10187	854	8.4	St. Louis (Inc. Duluth)	86903	12551	14.4
Fillmore	12052	1214	10.1	Scott	27073	1923	7.1
Freeborn	16996	1437	8.5	Sherburne	15353	1553	10.1
Goodhue	20160	1499	7.4	Sibley	7896	726	9.2
Grant	3197	309	9.7	Stearns	53255	5128	9.6
Hennepin	549072	22599	4.1	Steele	16204	1066	6.6
Houston	9973	759	7.6	Stevens	5660	427	7.5
Hubbard	5446	798	14.7	Swift	6219	698	11.2
Isanti	14247	1076	7.6	Todd	10878	1081	9.9
Itasca	16855	2582	15.3	Traverse	2588	200	7.7
Jackson	7643	429	5.6	Wabasha	9249	954	10.3
Kanabec	5509	809	14.7	Wadena	5305	565	10.7
Kandiyohi	18009	1540	8.6	Waseca	8701	647	7.4
Kittson	3241	315	9.7	Washington	68837	3313	4.8
Koochiching	7952	1345	16.9	Watsonwan	6420	468	7.3
Lac qui Parle	5544	437	7.9	Wilkin	4026	306	7.6
				Winona	21978	1919	8.7
				Wright	36423	3042	8.4
				Yellow Medicine	7101	634	8.9

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is Applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.34; employment was multiplied by 1.01. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

2/ Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, and Wright Counties.

3/ Benton, Sherburne, and Stearns Counties.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

Claimants for unemployment benefits fell by 789 or 1.2 percent in February as all of the industry sectors except construction and trade showed over-the-month declines. The February percent decline in total claimants was only slightly more than the normal decrease between January and February. However, the February gain in construction claimants was quite steep compared to the February increases of past years. Over-the-year, the number of claimants rose by 8,007 or 14.2 percent. The gain from a year ago was the third in a row and came after 21 consecutive months of declines. The largest over-the-year increases were in manufacturing (2,866), construction (2,493) and mining (2,074). Claimants in mining were more than double their number of a year earlier.

Table 1. Distribution of Insured Unemployed, By Age and Sex, February, 1985

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	64433	79.7	100.0	100.0
Under 45	49323	80.4	77.2	74.1
Under 25	11804	80.0	18.4	18.1
25-34	24261	81.5	38.5	34.4
35-44	13258	78.7	20.3	21.6
45 and Over	15110	77.6	22.8	25.9
45-54	8668	78.1	13.2	14.5
55 and Over	6442	76.9	9.6	11.4

Table 2. Distribution of Insured Unemployed By Industry and Occupation, February 1985

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term ^{1/} Unemployed	Women as Percent of Total
Total, All Industries	64433	100.0	11.5	20.3
Ag., For., Fish.	1910	3.0	9.6	9.5
Mining	3766	5.8	4.1	4.5
Construction	22020	34.2	4.9	2.6
Manufacturing	15566	24.1	12.8	32.8
Pub. Utilities	2946	4.6	10.0	12.0
Wholesale Trade	3691	5.7	17.1	19.7
Retail Trade	5326	8.4	18.7	36.9
Fin., Ins., Real Est.	1116	1.7	30.8	53.1
Services	6050	9.4	23.5	48.0
Public Admin.	1139	1.8	21.8	29.5
Inf. Not Available	843	1.3	2.2	22.3
Total, All Occupations	64433	100.0	11.5	20.3
Prof., Tech., Mgr.	4866	7.6	25.3	36.3
Clerical	3944	6.1	22.9	79.1
Sales	1673	2.6	22.1	30.8
Services	2982	4.6	26.9	56.5
Farm., For., Fish.	1608	2.5	12.6	11.7
Processing	2640	4.1	6.8	40.0
Machine Trades	3537	5.5	16.2	12.7
Benchwork	5384	8.4	12.9	50.6
Structural Work	23680	36.7	6.0	1.9
Misc.	13739	21.3	7.2	8.2
Inf. Not Available	380	0.6	9.8	29.3

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 3. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) Feb., 1985	Job Openings (Demand) Feb., 1985	Supply/Demand Ratio	
			Feb., 1985	Feb., 1984
Total	124870	12319	10.1	9.5
Prof., Tech., Mgr.	13950	1502	9.3	9.3
Clerical	20991	2980	7.0	7.7
Sales	5831	1423	4.1	3.7
Dom. Services	1861	131	14.2	10.6
Other Services	20796	3452	6.0	7.9
Farm., Fish., For.	2906	83	35.0	14.4
Processing	2433	250	9.7	11.3
Machine Trades	8380	439	19.1	10.7
Benchwork	8878	755	11.8	10.2
Structural Work	17624	367	48.0	26.3
Mtr. Frght., Trans.	5602	351	16.0	16.9
Pkg. & Mat. Hndlg.	14306	540	26.5	9.5
Other	1312	46	28.5	17.4

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

REVIEW OF LABOR AND ECONOMIC CONDITIONS

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MINNESOTA DEPARTMENT OF ECONOMIC SECURITY

RESEARCH AND STATISTICAL SERVICES OFFICE

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The Review of Labor and Economic Conditions is published quarterly by the Research and Statistical Services Office of the Minnesota Department of Economic Security, 390 North Robert Street, St. Paul, MN, 55101, in cooperation with the United States Department of Labor, Bureau of Labor Statistics, and the Employment and Training Administration. Current Minnesota Labor Market Conditions is published in the eight months for which no Review appears. Subscriptions and single copies are available without charge and may be obtained by writing to the editor.

Manuscripts of articles are welcomed and should be submitted to the Editor. Articles on labor market conditions and the economic welfare of Minnesota workers are preferred, but subjects which can be shown to be closely related to general economic conditions within the State will also be considered. Articles should be submitted complete with tables and graphs. Length generally should not exceed the equivalent of ten single-spaced typewritten pages, including graphs, references, and notes.

All signed articles appearing in this publication together with the Editorial Comment represent the views of the author or editor and not necessarily those of the Department. Questions or comments to the authors may be directed to the Research and Statistical Services Office of the Minnesota Department of Economic Security, 390 N. Robert Street, St. Paul, Minnesota, 55101 or (612) 296-6545.

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Editorial Comment

IN SEARCH OF OBJECTIVITY

By R. Pinola

In 1979 Harold Wilensky observed that "economic inequality in one of those problems in social science that inspires the unhappy combination of maximum passion and minimum systematic study."^{1/} Although Wilensky's observation was directed primarily to the issue of income distribution, it applies equally to most of our concerns on social and economic policy. Indeed, it is rare to find complete objectivity in the appraisal of causes and cures of social and economic problems. This is largely due to the preconceived perceptions or views that we bring to any problem, which are predominantly flavored by personal experience. At times our views take on the attribute of sanctimonious, self-serving generalizations that have been marshalled by superficial observation.

In order to promote a more objective appraisal of social and economic problems, and an evaluation of programs formulated for their resolution, policy analysts have adopted a variety of techniques. By so doing, they hope to improve on the decision making process. In this effort, economists have probably made the greatest contribution in the development of analytical techniques for evaluating social and economic policy and programs. However, despite their fairly widespread use, there is no assurance that decision making with respect to social and economic problems have materially improved. This obviously begs the question, "why not"? There are many reasons for this state of affairs, but we shall restrict ourselves to identifying just a few.

First, and probably foremost, is that the preponderance of decisions affect many different individuals and interest groups, which makes all sorts of compromises necessary and therefore renders any decision based exclusively on objective analysis lost among the whims and fancies of the more vociferous interest groups. Such is obviously the case with our tax laws whether they be Federal, State, or local. However, the charge is not restricted to our tax laws, it applies with vengeance to many other attempts to reconstruct social and economic policy.

The second reason why the analytical techniques for policy analysis and program evaluation have not yielded the hoped for improvement in decision making is that we do not have the apparatus for objectively and efficiently quantifying the intensity of feeling when it comes to social or economic problems and their solution. Thus, while the price system in a market system of free exchange enables consumers' wishes to be expressed by the amount they are willing to buy and the price they are willing to pay, this is not the case with government provided goods and services. In a democratic society, the one-person-one-vote principle determines what is to be provided, who is to pay, and how much is to be paid. This is not to deny the benefits of a democratic society, only to point out that the intensity of demand (or as economists like to point out, the additional utility that individuals derive from the consumption of an additional unit of the commodity) is not reflected in the one-person-one-vote system. We might parenthetically add that the one-person-one-vote system is also largely a myth since only those of a certain

^{1/} See his, The Political Economy of Income Distribution, Institute of Industrial Relations, University of California, Berkeley, 1979, p8.

age are eligible to vote and even then, they do not have the opportunity to vote on each issue. To put it another way, representative government is not as representative as we are led to believe. Its something like common sense, it just isn't very common.

Our third observation also applies to the matter of quantification. This involves a slightly different perspective from the aforementioned example. Here we are dealing with measuring the value of something in slightly different terms. By way of example, consider the technique of benefit-cost analysis, which has become increasingly fashionable in recent years.^{2/} In theory the concept is impeccable, but in practice it runs into considerable difficulty because benefits and costs are not easily, if ever satisfactorily, measured. This opens up the possibility for a lot of nonsense and gives charlatans a field day in misleading the public. Some 25 years ago, we did a study of the benefit-cost practices in the water resource development area and found that in no case where a proposed project was under study did the benefit-to-cost ratio fall below unity, i.e., one-to-one. We have also found that use of the technique in evaluating manpower programs has rarely resulted in a benefit-cost ratio less than one. Our analysis of many studies indicates that benefits are often over-valued and costs undervalued. We hasten to add, however, that benefit-cost analysis can be productively used to sharpen our focus of what is and what is not important. Unfortunately, it is often overused and misused.^{3/}

Our final observation relates to the fact that those who are responsible for making the ultimate decision on programs and projects may not rely on the policy analysis techniques for any number of reasons. Failure to comprehend, or the lack of desire to familiarize oneself with the essentials of the techniques can make any use of the technique a sterile exercise. It can also lead to picking and choosing when and where its application and the results of it are used. If analytical techniques are to be used only when they support a preconceived point of view, their value soon falls into disrepute. It's akin to Gresham's law on money, i.e., bad money drives good money out of circulation. In practice, the trick is to determine what is good and what is bad. In this kind of situation, the search for objectivity can be an elusive but critical exercise. Like the accountant's bottom line, the results can be misleading. Care in the use of the analytical techniques is a prerequisite to good decision making, but it also demands that we divest ourselves of zealous partisan preconceptions in policy analyses and program evaluation.

^{2/} The technique was first employed over 50 years ago for evaluating water resource and land reclamation projects by the Bureau of Reclamation of the U.S. Department of Interior. In recent years it has been used in a wide variety of applications including the evaluation of manpower programs. The problems in its use that we cited cut across all programs and projects, some with more intensity than others.

^{3/} The same problem exists with attempts to measure returns on investment and multiplier effects on income and employment. More often than not, both are exaggerated. For example, one often reads of employment multipliers on the order of 4 or more from an initial investment by government based on input-output analysis. Such multipliers are predicated on some very heroic assumptions and only exist in the Land of Oz.

Research Summaries

IMPROVED TRAINING: WHAT KIND? FOR WHOM? HOW MUCH?

By B. Steuernagel

A great deal of discussion about the quality of education has taken place in our country in the past two years. Recommendations for improving the quality of training are proposed by various areas of the education industry - secondary vocational, community colleges, four year colleges, and others - as they seek to improve education while at the same time protect their role in the educational process. The structural shifts in employment which have rocked parts of the economy in the past three years have added a sense of urgency to the education and training debate which wasn't there before. In this article, we have collected several studies which present various aspects of the problem.

A report by the U.S. Department of Education entitled Indicators of Education Status and Trends gives some basis for the concern over the state of affairs in U.S. high schools, colleges, and universities. The National Center for Education Statistics surveyed 500 institutions of higher education. At those colleges and universities which offered remedial courses, 63 percent said enrollment increased from 1978 to 1984 and 30 percent said enrollment held steady. 25 percent of freshmen entering college or university took a remedial math course, 21 percent took remedial work in writing, and 16 percent took a remedial reading course in 1983-84. Percentages of freshmen in remedial courses were highest at public institutions, two-year colleges, institutions with open admissions policies, and colleges in the southeast.^{1/}

The need to improve high school education has resulted in various proposals which have increased academic requirements at the expense of other courses, particularly vocational education. The National Commission on Secondary Vocational Education, convened by the federally funded National Center for Research in Vocational Education, visited schools and held hearings in ten cities throughout the country. The following are some conclusions the Commission reached in their report, The Unfinished Agenda.^{2/} The Commission was critical of some of the assumptions being made by state education departments and local school boards. There is the assumption "that more academics, which may be the best preparation for college, is also the best preparation for life. This assumption is wrong. It ignores differences in student interests and abilities, and ignores the needs of those high school students who do plan to go on to college". The report also states that "our society is obsessively concerned with higher education as a preparation for work... Our secondary schools reflect this obsession by valuing only the college bound. Such a narrow focus ignores the fact that approximately 80 percent of the jobs in America do not require a college degree, and most students will not obtain one". The Commission concluded, "Students seeking employment in the skilled and technical occupations must first develop a strong foundation in general education. Upon that base is built specialization". It called for a mix of vocational and academic programs to be available to all students.

1/ Scientific-Engineering-Technical Manpower Comments, Scientific Manpower Commission, March 1985, pp. 22-23.

2/ The Unfinished Agenda, National Center Publications, National Center for Research in Vocational Education, Ohio State University.

However, in response to increased expenditures for the education of young people, Lewis Perelman, president of Strategic Performance Services recently stated that the real crisis in human capital is not among the young but rather among "50 million baby-boom generation adults whose careers are likely to be derailed by sweeping technological and structural changes in the postindustrial economy".^{3/} According to Perelman, over 75 percent of the people who will make up the work force in the year 2000 are adults today. Perhaps 20 percent of these are functionally illiterate and another 20 percent are marginally illiterate. Perelman stated "The current crop of educational reformers have attempted to induce the business community to contribute resources and support to obsolescent institutions, while largely ignoring the fact that the leading edge of innovation in instructional methodology is to be found in industry and the Defense Department, not academia".

A report from the Carnegie Corporation entitled Corporate Classrooms: The Learning Business,^{4/} by Nell P. Eurich points out that "corporate education and training programs are, in fact, one of the largest providers of adult education in America. She identifies four types of corporate education: 1) In-house educational programs; 2) Training in separately established "corporate campuses"; 3) Degree-granting programs set up by profit or nonprofit corporations; and 4) The satellite university, a cooperative venture in which corporations and universities develop advanced programs for professionals and use telecommunications to offer courses.

Finally, in an article entitled "How Workers Get Their Training",^{5/} Max Carey and Alan Eck report on the results of a survey of occupational training requirements from the workers point of view. Some of the results of this important survey were as follows: 1) About 55 percent of all workers employed in January 1983 indicated that they needed specific training to qualify for their current job, and about one-third of all workers had taken skill improvement training after obtaining their current job; 2) About 29 percent of all workers obtained qualifying training in school and 28 percent obtained it on the job, and 3) College programs that last 4 years or longer provided qualifying training to more workers than all other school categories combined. The article reports on sources of training for detailed occupations. For example, 79 percent of persons working as legal assistants reported that they needed training for their job. 30 percent said that 4 year college was the source of training, 59 percent said informal on-the-job training was the source of training. High school vocational education was listed by 8 percent of the workers and public post-high school vocational education by two percent.

These excerpts show the diversity of viewpoints prevalent today. There has long been disagreement over the best type of education; liberal arts, vocational, or career specialization. The debate today is perhaps louder because of economic circumstances which have focused a spotlight on the quality and content of the education of youth and the need for skills updating the lifelong education among adults whether it is provided by the employer or a school.

^{3/} "Adult Education Faces Twin Crises of Illiteracy, High-Tech, Speakers Claim", Employment and Training Reporter, Manpower Information, Inc., April 17, 1985, p. 945.

^{4/} Scientific Engineering-Technical Manpower Comments, Scientific Manpower Commission, March 1985, p. 25.

^{5/} "How Workers Get Their Training", Max Carey and Alan Eck, Occupational Outlook Quarterly, U.S. Department of Labor, Bureau of Labor Statistics, Winter 1984, pp. 3-21.

The Job Market

THE AGRICULTURE INDUSTRY

by D. Detrick

Employment in the agriculture industry is continuing its long-term trend of decline. From 1970 to 1984, employment fell by close to ten percent. After reaching a peak employment level in 1976 during this 15 year period, employment dropped 14.5 percent. Projections indicate that the employment outlook for the agriculture industry will not improve by 1990. This article focuses on the composition, employment, occupational staffing patterns, and future prospects for this troubled industry.

The agriculture industry consists of three groups of establishments: namely, those whose primary activities are agricultural production of crops, agricultural production of livestock, and agricultural services excluding horticultural. Agricultural production of crops includes the production of crops or plants, vines and trees (excluding forestry operations). The second industry group is characterized by the keeping, grazing, or feeding of livestock for sale, or value in use. Agricultural services excluding horticultural includes establishments engaged in soil preparation services, crop services, veterinary services, other animal services, and farm labor and management services.

Minnesota employment in the agricultural industry reached 118,900 in 1984, which represents about six percent of the State's total employment. By 1990, this share is expected to drop to 4.8 percent. Farming employment in the U.S. is projected to follow a similar downward path, as its proportion of total employment is expected to fall from 2.8 in 1982 to 2.3 in 1990. The agricultural sector accounts for approximately 98 percent of employment in the agriculture, forestry and fisheries industry. Employment in Minnesota's agriculture industry decreased by 1.8 percent between 1980 and 1982. A larger decline of 8.4 percent is anticipated between 1980 and 1990.

Occupational staffing patterns, as shown in Table A, reveal that nearly 93 percent of those employed in the agriculture sector are farming, forestry and

Table A
Occupational Staffing Patterns for the Agriculture Industry

Major Occupations	Percent of Industry Employment		
	1980	1982	1990
Managerial and Professional	2.1	2.2	2.5
Technical	0.6	0.6	0.7
Sales	0.4	0.5	0.6
Clerical	1.9	1.9	1.9
Service	0.4	0.4	0.4
Farming, Forestry and Fishing	92.7	92.5	91.7
Craft	0.6	0.7	0.8
Machine Operators	0.9	1.0	1.1
Laborers	0.3	0.4	0.4

fishing workers. The other significant occupational group, managerial and professional workers, contributes 2.2 percent of the industry's total employment. The proportion of managerial workers in the agriculture industry is expected to increase slightly to 2.5 percent in 1990. In contrast, the proportion of farming, forestry and fishing workers to total employment in the industry is projected to decrease to 91.7 percent.

Farm occupations dominate the farming, forestry and fishing group, with 111,960 persons employed in 1982. The farm occupational group is distributed among farmers except horticultural (68 percent), farm workers (24.3 percent), and managers, farms, except horticultural (4.5 percent). After a three percent decline between 1980 and 1982, employment of farmers, except horticultural in the agriculture industry is expected to fall an additional 12.9 percent by 1990. Meanwhile, employment of farm workers dropped by 2.4 percent between 1980 and 1982, and during the 1982 to 1990 period, employment in this group is projected to decline by 10.4 percent. On the other hand, the occupational group, managers, farms except horticultural, provides a healthier employment picture, as the 14.7 percent increase in 1980-1982 employment is expected to be followed by a 44.6 percent employment growth rate between 1982 and 1990.

Among managerial and professional workers in the agriculture industry, two occupations predominate. Close to sixty percent of this occupational group is represented by veterinarians (31.7 percent) and managers and administrators not elsewhere classified (26.8 percent). Employment for veterinarians grew nearly 3 percent between 1980 and 1982, and projections indicate an 8.4 percent increase between 1982 and 1990. Managers and administrators, n.e.c. experienced an employment increase of less than one percent between 1980 and 1982, with a further increase of 1.3 percent expected during the 1982-1990 period.

In contrast to the aforementioned groups, workers in the other seven major occupational categories comprise only five percent of the agriculture industry's employment. Sales workers contribute 1.9 percent of the total, of whom 22 percent are secretaries and 42 percent are bookkeepers, accounting and auditing clerks. Employment in both occupations is expected to decline in the agriculture industry between 1982 and 1990.

In general, employment prospects in the agriculture industry are dim, but job opportunities for farm managers appear favorable as a result of the trend toward larger farms (albeit fewer) and corporation-owned farms. The effects of farm foreclosures, funding uncertainties of farm subsidy programs, the strong dollar and technological changes in agriculture point to continued employment declines in the agriculture industry. Additionally, nations such as China have been rapidly increasing their domestic production of food grains and, thus, are likely to have less need for large purchases of grain from exporters.^{1/}

^{1/} See Agricultural Outlook, U.S. Department of Agriculture, May 1985.

SUPPLY/DEMAND FOR SPECIFIC OCCUPATIONS, APRIL, 1985^{1/}

by S. Hamper

Minnesota

Shortage Occupations: commissioned sales persons#, highly skilled clerical workers#, food service workers

Surplus Occupations: machinists, welders#, construction workers#, material handlers#, factory assemblers#, general laborers#

Central Minnesota

Shortage Occupations: commissioned sales persons#, home health aides, factory certified auto mechanics#

Surplus Occupations: management trainees#, entry level office clerical workers, material handlers#, laborers

Minneapolis/St. Paul

Shortage Occupations: secretaries, highly skilled clerical workers#, food service workers#

Surplus Occupations: welders#, machinists, electronic assemblers, factory assemblers#, material handlers#, general laborers#

Northeastern Minnesota

Shortage Occupations: electrical engineers

Surplus Occupations: entry level managers#, teachers#, social workers#, nurses#, office clerks#, typists#, bookkeepers#, sales clerks#, nurse assistants#, maids#, waiters-waitresses#, food production workers#, machinists#, welders#, auto mechanics#, maintenance mechanics#, carpenters#, bricklayers#, pipefitters#, electricians#, painters#, mining crafts#, laborers: construction, general and mining#

Northwestern Minnesota

Shortage Occupations: commissioned sales persons#, live-in companions, part-time food service workers, factory trained auto mechanics#

Surplus Occupations: office clerical workers#, retail sales clerks, registered nurses#, licensed practical nurses#, welders#, construction workers#, material handlers#, janitors#, general laborers#

Southern Minnesota

Shortage Occupations: engineers, over-the-road truck drivers, various part-time positions#

Surplus Occupations: construction workers#, factory workers#, general laborers

^{1/} Shortage occupations are those that are difficult to fill or go unfilled due to the lack of qualified applicants. Surplus occupations are those in which the number of qualified applicants greatly exceeds the number of openings.

This occupation has been listed as a shortage or surplus occupation in at least two out of the last three quarters of the Review.

Job Service Applicant Supply and Demand

Table 1 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 1 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work. Readers who desire information on current shortage and surplus conditions for a specific occupation should refer to the Supply/Demand assessments given above.

Table 1. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) April, 1985	Job Openings (Demand) April, 1985	Supply/Demand Ratio	
			April, 1985	April, 1984
Total	132,401	13,741	9.6	8.5
Prof., Tech., Mgr.	14,353	1,756	8.2	8.5
Clerical	21,906	3,023	7.2	6.7
Sales	6,130	1,772	3.5	3.1
Dom. Services	2,078	169	12.3	9.2
Other Services	21,483	3,676	5.8	5.7
Farm., Fish., For.	3,751	230	16.3	11.2
Processing	2,585	403	6.4	5.3
Machine Trades	8,687	504	17.2	9.6
Benchwork	9,509	797	11.9	11.0
Structural Work	18,566	549	33.8	20.0
Mtr. Frght., Trans.	5,833	346	16.9	12.7
Pkg. & Mat. Hndlg.	16,206	454	35.7	19.9
Other	1,314	62	21.2	26.2

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

Feature Article

1979-82, CONTINUOUS RECESSION IN MINNESOTA

By B. Boyle*

I. Introduction

This article will describe the declines in nonagricultural wage and salary employment that occurred in Minnesota between 1979 and 1982. Although this time period included two recessions, this period was chosen because the majority of the industry groups, especially in Minnesota, experienced almost continuous employment decreases throughout the four years. The emphasis will be on the Minnesota industries which had the largest declines both in numerical and percentage terms. Comparisons with nonfarm employment behavior in the Nation will be made only on an industry division or subdivision basis. Also, there will be no comparisons with earlier recessions since the discussion will include the employment behavior in the two most recent recessions.

The employment data used exclusively in this article were the monthly estimates of nonagricultural wage and salary employment by industry produced by the Current Employment Statistics Program (CES) which is administered by the Research Office of the Minnesota Department of Economic Security in cooperation with the U.S. Bureau of Labor Statistics (BLS). Using a survey of firms in Minnesota, the CES program develops monthly payroll employment data for 112 industries which include figures for all major industry divisions and subdivisions, nearly all of the major groups at the two digits of standard industrial classification (SIC) and 36 of the industry groups at the three digits of SIC. Each of the two and three digit employment series containing monthly figures from 1972 through 1984 were seasonally adjusted using the Census X-11ARIMA method and then summed to give totals for the major industry groups, subdivisions, divisions, and the grand total of nonagricultural wage and salary employment in Minnesota. All of the seasonally adjusted series were examined and the highs and lows between 1979 and 1983 were noted. A large number of industries, particularly in the Finance, Insurance, and Real Estate, the Services, and the Government sectors did not experience cyclical declines. Seasonally adjusted employment series for the United States as a whole were also examined and the peaks and troughs for industry divisions and subdivisions were noted for broad comparison purposes.

This article will contain three basic analyses. Part II chronicles the declines in industry employment in Minnesota and the United States between 1979 and 1983 in rather broad terms, Part III, discusses employment decreases in Minnesota in detail, and Part IV, compares the recovery that has taken place in Minnesota and United States industry employment since the lowpoints in 1982 and 1983 and compares current levels of employment with previous highs.

*This article was prepared by Ben Boyle, Research Analyst in the Research and Statistical Services Office of the Minnesota Department of Economic Security. The charts were constructed by Ron Daws, also a Research Analyst in the Research and Statistical Services Office.

II. Highlights and Comparisons

As shown in Table 1 and the graphs in the succeeding pages, there were a number of similarities and differences in the timing of employment peaks and troughs, as well as in the depths of the declines, in the various industries in the United States and Minnesota between 1979 and 1983. In general, Minnesota had the greater number of employment peaks in 1979 and, except for manufacturing, the larger percentage declines in employment between peaks and troughs.

The Nation exhibited significantly later peaks in total nonfarm payroll employment and retail trade, whereas the trough dates were quite close together except for retail trade. Huge percentage drops in mining and construction, and moderately larger decreases in other industry sectors, were responsible for the sharper decline in total nonfarm payroll employment in Minnesota as compared to the United States. The steepest drops in industry employment in the Nation were in durable goods manufacturing (18.9 percent), construction (17.3 percent), transportation (11.9 percent) and nondurable goods manufacturing (8.5 percent). In Minnesota, the sharpest declines were in mining (67.7 percent), construction (33.5 percent), durable goods manufacturing (16.9 percent) and transportation (14.6 percent).

Table 1
PEAKS, TROUGHS AND DECLINES IN NONFARM PAYROLL EMPLOYMENT
UNITED STATES AND MINNESOTA
1979-83

Industry Division	U.S. MN	Peak	Trough	Peak to Trough Percent Decline
Total Nonfarm Payroll Employment	U.S. MN	July 1981 Dec. 1979	Dec. 1982 Nov. 1982	3.1 5.9
Mining	U.S. MN	LITTLE OR NO CYCLICAL BEHAVIOR Oct. 1979	Aug. 1982	67.7
Construction	U.S. MN	Jan. 1980 Jan. 1980	Mar. 1983 Apr. 1983	17.3 33.5
Total Manufacturing	U.S. MN	June 1979 Jan. 1980	Dec. 1982 Nov. 1982	14.7 12.9
Durable Goods Manufacturing	U.S. MN	June 1979 Jan. 1980	Dec. 1982 Nov. 1982	18.9 16.9
Nondurable Goods Manufacturing	U.S. MN	Jan. 1979 Oct. 1979	Feb. 1983 Dec. 1982	8.5 7.5
Trans., Comm., & Pub. Util.	U.S. MN	Nov. 1979 Aug. 1979	Feb. 1983 Feb. 1983	4.4 10.5
Transportation	U.S. MN	June 1979 Aug. 1979	Feb. 1983 Feb. 1983	11.9 14.6
Total Trade	U.S. MN	Aug. 1981 Dec. 1979	Nov. 1982 Dec. 1982	1.2 6.0
Wholesale Trade	U.S. MN	Aug. 1981 Sep. 1979	Feb./Mar. 1983 Mar. 1983	3.4 10.7
Retail Trade	U.S. MN	Aug. 1981 Dec. 1979	Jan. 1982 Nov. 1982	1.1 5.2

Because mining employment in Minnesota is almost exclusively taconite (iron ore) mining while mining in the Nation is largely nonmetal (oil, gas, and coal), a comparison with mining in the United States would be misleading. The very sharp drop in mining in Minnesota was the result of troubles that have plagued the steel industry nationally, which were only partly due to the recent recessions. These structural or secular problems include substitutes for steel, less use of steel in automobiles, and increased foreign competition.

The considerably steeper percentage decline in construction employment in Minnesota compared to that in the United States was primarily the result of a steeper decline in residential housing construction. Although data are not readily available, we suspect that the budget problems at all levels of government in Minnesota had a dampening effect on heavy construction.

Employment in manufacturing in Minnesota may have dropped somewhat more slowly than that in the United States because of a difference in the composition of manufacturing. In durable goods, Minnesota has a much lower proportion of workers in primary metals and transportation equipment, industries in which employment fell very sharply in the United States between 1979 and 1983. Also in durable goods, Minnesota had higher proportions of workers in the office computing and scientific instruments industries which were only mildly affected by the recessions. In nondurable goods manufacturing, Minnesota had higher proportions of workers in the paper and printing industries. Employment in paper and allied products fell moderately during the downturn while employment in printing and publishing continued to grow throughout the recessions. Also, Minnesota has a comparatively small number of workers in the textiles and apparel industries, industries which are still declining throughout the Nation.

The larger percentage decline in the transportation sector in Minnesota compared to that of the Nation was probably due to a higher proportion of employment in railroads, which has been dropping substantially and steadily, and to sharper declines in employment in the local transportation and trucking and warehousing industries than in the United States. Since seasonally adjusted monthly employment figures for two digit industries in the transportation sector were not available for the United States, annual averages were used to determine the differences in employment changes between the United States and Minnesota.

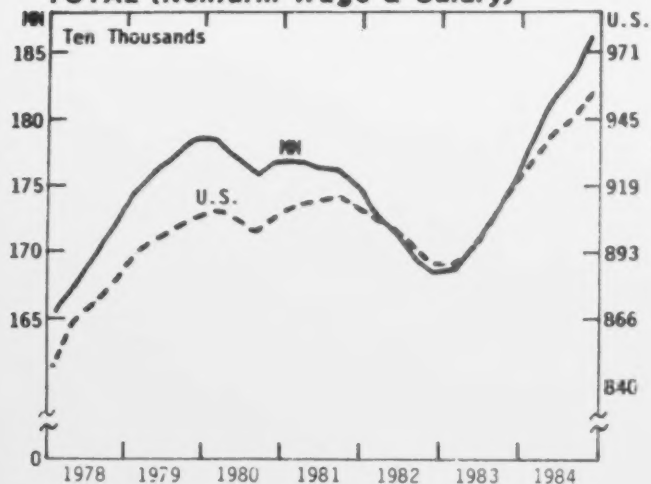
The steeper declines and earlier peaks in the wholesale and retail trade industries in Minnesota compared to those in the United States were most likely the result of the more pronounced downturn in Minnesota. Retail sales data for the United States and Minnesota show that sales in Minnesota fell twice as fast as those in the Nation during the 1980 recession and for three consecutive quarters in 1981 and 1982 sales in Minnesota dropped while sales nationally were stable. Also, total personal income in Minnesota grew more slowly than that in the United States between 1979 and 1982, especially in the second quarter of 1980 and the second and third quarters of 1982. Some of the slower growth in Minnesota was caused by the considerably larger proportion of farm income in Minnesota compared to the Nation.

Employment in the finance, insurance, and real estate, the services and the government sectors in the United States leveled off during the recessions. In Minnesota, however, although the finance, insurance, and real estate and the services sectors showed the same employment patterns as in the Nation, employment in government in Minnesota fell from 1981 to 1983 largely as a result of declining enrollments in primary and secondary schools.

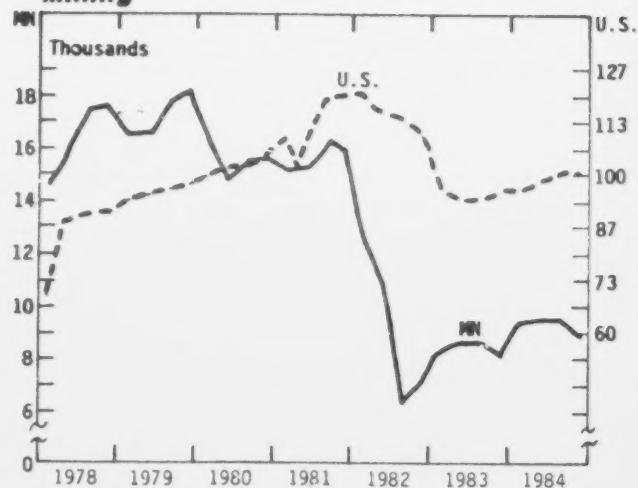
Employment, Selected Industries

(U.S. and MN, Seasonally Adjusted)

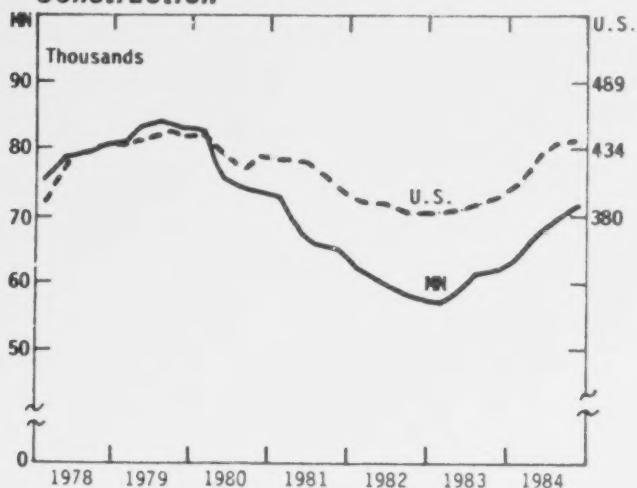
TOTAL (Nonfarm Wage & Salary)



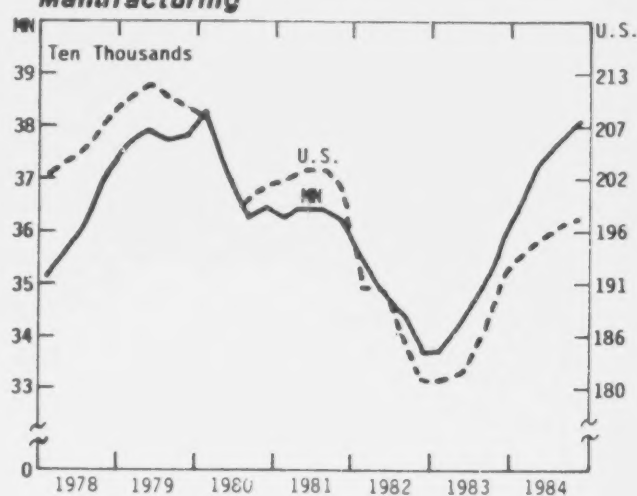
Mining



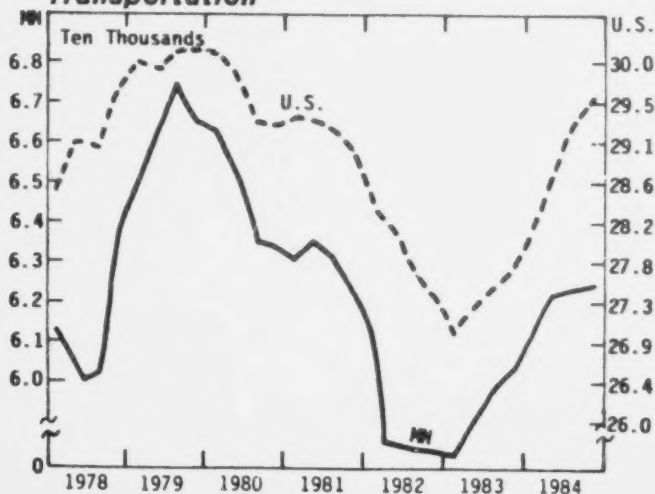
Construction



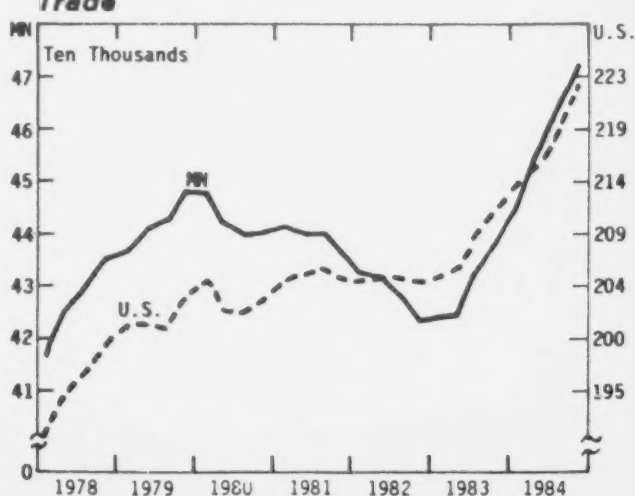
Manufacturing



Transportation



Trade



III. The Minnesota Declines in Detail

Having compared the declines in Minnesota and United States employment on a broad industry sector basis in Part II, we now turn to examining declines at the more detailed two and three digit industry level for Minnesota. We have included both the two and three digit industries in the rankings in Tables 2 and 3 because several of the three digit machinery industries suffered sizeable declines and some of these industries were significantly large in terms of employment. As Table 2 shows, the larger numerical declines included all of the construction industry groups, nearly all of the mining groups, a large number from durable goods manufacturing, and several from retail trade. Half of the durable goods manufacturing industries which showed substantial decreases in employment were in the machinery industries.

Table 2
TWENTY INDUSTRIES WITH THE LARGEST NUMERICAL DECLINES
FROM PEAK TO TROUGH

Rank	Industry Division or Subdivision	Industry or Industry Group	Decline
1	Durable Goods Mfg.	Total Nonelectrical Machinery	12911
2	Construction	Building Construction	12523
3	Construction	Special Trade Contractors	12428
4	Mining	Metal Mining	12402
5	Durable Goods Mfg.	Transportation Equipment	8228
6	Durable Goods Mfg.	Fabricated Metals	7685
7	Retail Trade	Automotive Dealers and Stores	7484
8	Retail Trade	General Merchandise Stores	6966
9	Nondurable Goods Mfg.	Food and Kindred Products	6289
10	Construction	General Contractors	5858
11	Durable Goods Mfg.	Farm Machinery	5575
12	Durable Goods Mfg.	Other Electrical Machinery	5549
13	Durable Goods Mfg.	Lumber and Wood Products	4722
14	Durable Goods Mfg.	Total Electrical Machinery	4652
15	Transportation	Trucking and Warehousing	4260
16	Durable Goods Mfg.	Const., Mining and Materials Mach.	4177
17	Services	Business Services	3614
18	Retail Trade	Bldg. Materials and Hardware Stores	3541
19	Retail Trade	Food Stores	3469
20	Nondurable Goods Mfg.	Rubber, Misc. Plastic and Leather	3161

Table 3
TWENTY INDUSTRIES WITH THE LARGEST PERCENTAGE DECLINES
FROM PEAK TO TROUGH

Rank	Industry Division or Subdivision	Industry or Industry Group	Percentage Decline
1	Mining	Metal Mining	75.0
2	Durable Goods Mfg.	Transportation Equipment	65.4
3	Durable Goods Mfg.	Farm Machinery	53.2
4	Durable Goods Mfg.	Const., Mining and Materials Mach.	48.7
5	Construction	Building Construction	43.8
6	Construction	General Contractors	39.0
7	Durable Goods Mfg.	Lumber and Wood Products	34.5
8	Durable Goods Mfg.	Primary Metals	33.2
9	Construction	Special Trade Contractors	28.4
10	Durable Goods Mfg.	General Industrial Equipment	25.0
11	Durable Goods Mfg.	Service Industry Machines	23.5
12	Nondurable Goods Mfg.	Rubber, Misc. Plastic and Leather	22.0
13	Durable Goods Mfg.	Other Electrical Machinery	21.6
14	Durable Goods Mfg.	Stone, Clay and Glass Products	21.5
15	Mining	Other Mining	20.2
16	Retail Trade	Furniture and Home Furnishings	19.6
17	Durable Goods Mfg.	Engines, Special and Misc. Mach.	19.5
18	Durable Goods Mfg.	Fabricated Metals	19.3
19	Durable Goods Mfg.	Metal Working Machinery	19.1
20	Retail Trade	Automotive Dealers and Stores	18.4

A comparison of Table 2 and Table 3 (Ranks of Percentage Declines) show that the greatest declines in both numerical and percentage terms occurred in the mining and construction divisions. Durable goods manufacturing industries, especially transportation equipment and the machinery industries, also experienced large and rapid decreases during the two recessions.

Table 4, which follows shows the peak and trough employment figures along with their respective dates and numerical and percentage changes for all of the two and three digit industries which experienced significant cyclical declines between 1978 and 1983. Except for the miscellaneous industries at the end of the table, the corresponding industry divisions and subdivisions which include these two and three digit industries are also shown. A number of industries in the nondurable goods manufacturing and transportation subdivisions are not included because they did not display any significant cyclical behavior. It might be noted that only ten of the industries shown in Table 4 had employment peaks in 1981 and 1982.

IV. Recovery

Because the emphasis of the article has been on the declines in Minnesota industry employment from 1979 to 1982, the recoveries will not be discussed in great detail.^{1/} The rest of this section will compare industry employment performance between the United States and Minnesota over the recent recovery phase of the business cycle.

Recovery from Trough

Comparisons of employment growth rates from the troughs to March 1985 by major industry sectors are shown for the United States and Minnesota in Table 5. The larger percentage gains in employment from the troughs to March 1985 for Minnesota as shown in Table 5 are most likely the result of the deeper downturn in Minnesota compared to that of the Nation rather than an indication of underlying long-term strength. This is indicated by Table 6 which shows that, except for manufacturing, payroll employment in the United States in March 1985 was better than in Minnesota when viewed in terms of previous highs.

Table 5
PERCENT GROWTH FROM TROUGH TO MARCH 1985
BY INDUSTRY SECTOR
UNITED STATES AND MINNESOTA

<u>Industry Sector</u>	<u>United States</u>	<u>Minnesota</u>
Total Nonagricultural Wage and Salary	8.9	11.2
Mining	Not Applicable No Cyclical Swing	52.2
Construction	21.5	32.2
Total Manufacturing	9.3	12.8
Durable Goods	12.9	14.9
Nondurable Goods	4.4	10.1
Trans., Commun., and Pub. Utilities	5.8	8.0
Transportation	10.9	10.7
Total Trade	10.5	12.3
Wholesale Trade	9.7	9.6
Retail Trade	11.6	13.6

^{1/} Detailed tables comparing recent employment data with previous highs as well as the troughs for the industries shown in Table 4 were omitted from this article because of space limitations. However, copies of these omitted tables are available on request from the Research and Statistical Services Office.

Table 4
PEAKS AND TROUGHS OF MINNESOTA INDUSTRIES
SHOWING CYCLICAL DECLINES FROM 1979 THROUGH 1983

	1978-82 Peak		1982-83 Trough		Decline	
	Number	Date	Number	Date	Numerical	Percent
Total Nonagricultural Wage and Salary Employment	1789723	Dec. 1979	1684332	Nov. 1982	105391	5.9
Total Mining	18377	Oct. 1979	5940	Aug. 1982	12437	67.7
Metal Mining	16526	Oct. 1978	4124	Aug. 1982	12402	75.0
Other Mining	2049	Dec. 1980	1636	May 1982	413	20.2
Construction	85393	Jan. 1980	56824	Apr. 1983	28569	33.5
Building Construction	28609	June 1979	16086	Feb. 1983	12523	43.8
General Contractors	15009	Dec. 1979	9151	Apr. 1983	5858	39.0
Special Trade Contractors	43716	Feb. 1980	31288	Apr. 1983	12428	28.4
Manufacturing	386139	Oct. 1979	336199	Nov. 1982	49940	12.9
Durable Goods	238422	Jan. 1980	198149	Nov. 1982	40273	16.9
Lumber and Wood	13674	Jan. 1979	8952	Apr. 1982	4722	34.5
Furniture and Fixtures	4093	Jan. 1980	3370	Aug. 1982	723	17.7
Stone, Clay and Glass	10248	June 1979	8042	Apr. 1982	2206	21.5
Primary Metals	7703	July 1979	5142	Feb. 1983	2561	33.2
Fabricated Metals	39785	Jan. 1980	32100	Mar. 1983	7685	19.3
Nonelectrical Machinery	91098	Jan. 1980	78187	Jan. 1983	12911	14.2
Farm Machinery	10482	July 1979	4907	Apr. 1983	5575	53.2
Const., Min., & Mat. Machinery	8584	Aug. 1978	4407	Jan. 1983	4177	48.7
Metal Working Machinery	5473	Feb. 1980	4428	Mar. 1983	1045	19.1
General Industrial Equipment	8936	Mar. 1980	6705	Feb. 1983	2231	25.0
Office Computing & Acctg. Equipment	41661	Feb. 1982	39463	Sep. 1982	2198	5.3
Service Industry Machines	8269	Sep. 1979	6322	June 1983	1947	23.5
Engines, Special & Misc. Machinery	14106	Jan. 1980	11355	Feb. 1983	2751	19.5
Electrical Machinery	28727	June 1979	24075	Feb. 1983	4652	16.2
Other Electrical Machinery	25664	June 1979	20115	Feb. 1983	5549	21.6
Transportation Equipment	12587	July 1979	4359	Jan. 1983	8228	65.4
Scientific Instruments	28008	Mar. 1980	25668	Dec. 1982	2340	8.4
Nondurable Goods	149094	Oct. 1979	137838	Dec. 1982	11256	7.5
Food and Kindred Products	51193	Dec. 1978	44904	June 1983	6289	12.3
Poultry Dressing	5100	Dec. 1978	3212	May 1982	1888	37.0
Paper and Allied Products	33899	July 1979	31777	Nov. 1982	2122	6.3
Chemicals and Allied Products	7880	Oct. 1981	7357	July 1982	523	6.6
Petroleum Refining and Related	1779	May 1981	1519	Mar. 1982	260	14.6
Rubber and Misc. Plastic and Leather	14371	Aug. 1979	11210	Nov. 1982	3161	22.0
Transportation, Communication & Utilities	102383	Aug. 1979	91620	Feb. 1983	10763	10.5
Transportation	67842	Aug. 1979	57936	Feb. 1983	9906	14.6
Local Railways and Bus Lines	8574	Aug. 1979	6745	July 1982	1829	21.3
Trucking and Warehousing	27098	Mar. 1979	22838	Feb. 1983	4260	15.7
Communication and Public Utilities	34668	June 1980	33645	Mar. 1983	1023	3.0
Communications	20402	June 1980	19960	Jan. 1983	742	3.6
Electric, Gas and Sanitary Services	14555	Mar. 1981	13959	July 1983	596	4.1
Total Trade	449345	Dec. 1979	422178	Dec. 1982	27167	6.0
Wholesale Trade	120882	Sept. 1979	108008	Mar. 1983	12874	10.7
Retail Trade	330528	Dec. 1979	313334	Nov. 1982	17194	5.2
Building Materials and Hardware	20232	Oct. 1979	16691	Oct. 1982	3541	17.5
General Merchandise Stores	50586	Mar. 1980	43620	Dec. 1982	6966	13.8
Food Stores	47248	June 1981	43779	June 1983	3469	7.3
Automotive Dealers and Stores	40572	Sep. 1978	33088	Feb. 1983	7484	18.4
Apparel and Accessories	16656	June 1979	15845	Nov. 1982	811	4.9
Furniture and Home Furnishings	13055	Feb. 1980	10492	Feb. 1983	2563	19.6
Eating and Drinking Places	107285	May 1981	104408	Nov. 1982	2877	2.7
Other Miscellaneous Industries						
Showing Cyclical Declines						
Real Estate	17212	June 1981	16450	May 1982	762	4.4
Ag. Services for Fish	5375	Dec. 1980	4836	Nov. 1982	539	10.0
Hotels	21991	Feb. 1981	19939	Nov. 1982	2052	9.3
Personal Services	17507	Sep. 1980	16952	July 1982	555	3.2
Business Services	58333	Dec. 1980	54719	June 1981	3614	6.2
Automotive and Misc. Repair Services	16912	Jan. 1980	15857	Aug. 1982	1055	6.2
Motion Pictures and Amusement	20700	Dec. 1981	19087	Dec. 1982	1613	7.8
Social, Museums, Memberships	83295	Apr. 1981	81715	July 1982	1580	1.9

Differences in the Extent of Recovery Between the United States and Minnesota

The reasons for the differences between the United States and Minnesota in the amount of employment growth from the low points, as well as the increases or lack of increases from previous highs, are somewhat related to the causes of the differences in the declines as described in Part II. Total nonagricultural wage and salary employment in Minnesota most likely has grown faster from its trough because the declines in Minnesota were deeper in all industry sectors except manufacturing. Minnesota's slightly lower percent of the previous peak in total wage and salary employment was the result of the very deep declines in mining and construction and also to the longer and deeper slide in trade. The likely causes for the downturns in mining construction and trade were given in Part II. Also, as discussed earlier, the manufacturing sector has performed better in Minnesota than nationally largely because of the differences in the composition of the industry as described in Part II. The structural differences between the United States and Minnesota within nondurable goods manufacturing have contributed significantly to comparative employment behavior in recent months as the textile and apparel industries have been devastated by imports. Thus, the United States with a much higher proportion of nondurables manufacturing in textiles and apparel could be expected to show much greater decline due to imports. The higher proportion of railroad employment in Minnesota is and will continue to keep transportation employment below its previous peak. The weaker showing in wholesale trade employment in Minnesota is probably due to the deeper recession in the State, but also to the lackluster performance of the agricultural sector that affected across the trading area.

Table 6
MARCH 1985 EMPLOYMENT LEVELS
COMPARED TO PREVIOUS HIGHS
(in percentages)

<u>Industry Sector</u>	<u>United States</u>	<u>Minnesota</u>
Total Nonagricultural Wage and Salary	105.5	104.7
Mining	Not Comparable	49.2
Construction	100.5	88.0
Total Manufacturing	93.2	98.2
Durable Goods	91.6	95.5
Nondurable Goods	95.5	101.8
Trans., Commun., and Pub. Utilities	101.1	96.6
Transportation	97.7	94.6
Total Trade	109.2	105.6
Wholesale Trade	105.9	98.0
Retail Trade	110.4	107.7

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMIES IN THE FIRST QUARTER

By B. Boyle

Nation

Although some of the indicators of economic activity improved in April, the Nation's economy was still growing slowly after a very weak first quarter. However, because of the recent reductions in the discount and prime rates, together with expected increases in disposable income from the tax refunds and a high level of consumer confidence, stronger growth is expected in the next two quarters.

Except for the unemployment rate, which has remained at or close to 7.3 percent since November, and manufacturing employment, which has declined steadily since January, employment conditions improved throughout the first quarter and into April. Manufacturing employment, especially in metals, machinery and textiles, has been hit hard by increasing imports. On the other hand, employment in construction rose by 70,000 in April after a gain of 114,000 in March. Also, growth in the services - producing sector, particularly in trade and business and health services, continued to be strong in the first quarter and in April.

Perhaps the best indication of a slow first quarter was a rise of only 0.7 percent in real gross national product, the smallest since the 0.5 percent in the fourth quarter of 1982. Also, industrial production fell 0.2 percent in April after very slim increases in the first quarter and was below the level of last August. On the other hand, housing starts and personal income and spending rose satisfactorily in April. Also encouraging was that April sales of domestic cars were at their highest level in six years.

State

The Minnesota economy gave out mixed signals in the first quarter and in April. While the unemployment rate declined throughout the first quarter and in April, both total and nonfarm payroll employment displayed weakness during the first quarter and especially in April. The decline in the unemployment rate largely reflected little or no growth in the labor force.

Minnesota's seasonally adjusted unemployment rate has fallen steadily since December, dropping from 6.6 percent in December to 5.4 percent in April. On the other hand, seasonally adjusted total employment fell by 18,300 in the first quarter as a huge decline in January offset gains in February and March and then suffered a 16,600 drop in April. Also, seasonally adjusted nonfarm payroll employment rose by only 11,732 in the first quarter after a rise of 21,505 in the fourth quarter and then dropped by 2,612 in April. Employment growth in trade and services slowed significantly in the first quarter while manufacturing employment fell between the fourth and first quarters. The quarterly and April declines in manufacturing employment were primarily in durable goods, particularly in stone, clay and glass; primary metals; machinery; transportation equipment; and instruments. The weaknesses in trade were largely in wholesale trade, building materials and general merchandise. In services, there was slow growth in hotels and health services and declines in education and miscellaneous services. On the other hand, employment in mining and construction grew more in the first quarter than in the fourth quarter. It appears that the Minnesota economy is having some of the same problems that the Nation is suffering, moving in fits and starts.

Forecasts

FORECASTS OF GNP & MINNESOTA PAYROLL EMPLOYMENT

By C. Cline

Actual growth in the nation's real GNP on a seasonally adjusted annual basis fell to 0.7 percent in the first quarter compared with a growth rate of 4.9 percent for the fourth quarter of 1984. Despite this, our forecasts for real GNP and total Minnesota Nonagricultural Wage and Salary Employment continued to show substantial growth. Real GNP is forecasted to grow at 5.3 and 4.5 percent over the periods 1985:1 - 1986:1 and 1986:1 - 1987:1 respectively. Total Minnesota employment forecasts show 4.19 and 5.15 percent growth for the same two periods.

Growth rates by major industry division for the two periods are: Construction (+2.79,+4.24); Finance, Insurance and Real Estate (+4.26,+4.48); Government (+0.50,-0.05); Manufacturing (+2.85,+4.55); Services (+6.85,+7.08); total Trade (+3.96,+4.92); Transportation, Communication and Public Utilities (+3.46,+4.23).

Percent errors for one period ahead forecasts calculated for 1984:4 are: real GNP (+0.65); total employment (+0.47); Construction (-3.72); FIRE (+0.03); Government (+0.87); Manufacturing (+0.29); Mining (+17.97); Services (+0.26); total Trade (+0.15); Transportation, Communications and Public Utilities (+0.62).

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
<u>Current</u>										
1985:1	1665.40	1832.20	6.90	59.10	374.09	96.41	461.24	107.59	427.43	300.46
<u>Forecasts</u>										
1985:2	1683.39	1898.58	8.54	73.56	380.37	99.12	479.97	109.97	443.69	301.80
1985:3	1706.06	1923.03	9.40	86.01	396.73	99.09	486.71	111.94	449.74	277.83
1985:4	1728.79	1952.66	9.04	90.91	390.03	102.07	495.73	111.77	458.41	301.34
1986:1	1753.62	1909.01	8.55	60.75	384.76	99.74	479.55	112.17	456.73	301.81
1986:2	1775.55	1985.01	9.75	76.78	393.20	102.44	501.97	114.82	475.58	302.41
1986:3	1795.98	2020.75	10.03	90.74	412.47	103.47	509.37	116.80	481.49	279.72
1986:4	1815.90	2055.11	9.55	84.87	407.50	106.76	520.07	116.80	490.98	301.45
1987:1	1832.58	2007.25	9.06	63.32	402.28	103.96	503.16	117.20	489.06	301.69

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of the forecasts among the major industry divisions, especially mining. More information on their accuracy can be obtained from the author on request.

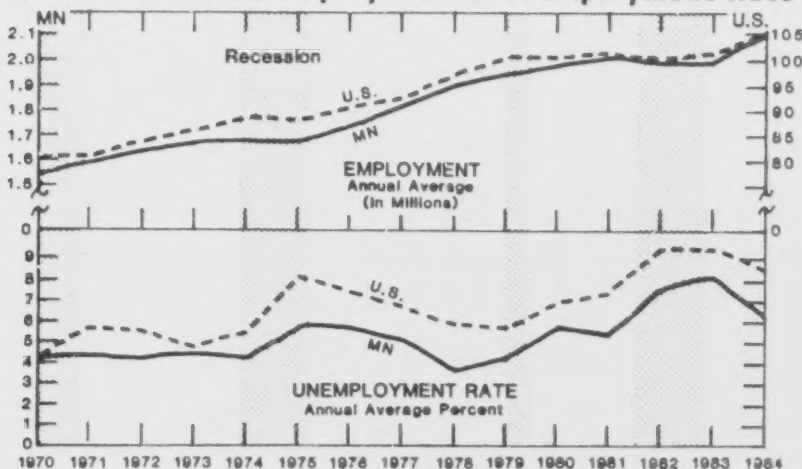
Labor Force Statistics

Labor Force Estimates	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Millions)		
	April 1985	Change From		April 1985	Change From	
		Last Mo.	Year Ago		Last Mo.	Year Ago
Civilian Labor Force	2217.9	23.9	9.9	114.3	-0.1	2.2
Employed	2091.4	40.5	31.0	106.2	0.4	2.6
Unemployed	126.5	-16.6	-21.1	8.1	-0.5	-0.4
Unemployment Rate						
Actual	5.7	-0.8	-1.0	7.1	-0.4	-0.5
Seasonally Adjusted	5.4	-0.1	-0.9	7.3	0.0	-0.5

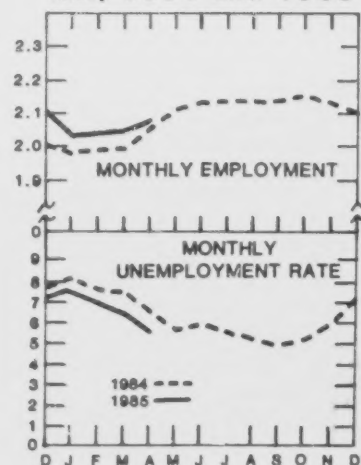
Historical Labor Force Series

Year	Minnesota (Annual Average in Thousands)				United States (Annual Average in Millions)			
	Labor Force	Employment	Unemployment		Labor Force	Employment	Unemployment	
			Number	Rate			Number	Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1664.0	1592.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1704.0	1630.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1766.0	1686.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1769.0	1691.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1790.0	1684.0	106.0	5.9	93.8	85.8	7.9	8.5
1976	1850.0	1740.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1909.0	1811.0	98.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	76.0	3.8	102.3	96.0	6.2	6.1
1979	2039.0	1954.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2111.0	1985.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2154.0	2035.0	119.0	5.5	108.7	100.4	8.3	7.0
1982	2167.0	1998.0	170.0	7.8	110.2	99.5	10.7	9.7
1983	2176.0	1999.0	177.0	8.2	111.6	100.8	10.7	9.6
1984	2229.0	2088.0	141.0	6.3	113.5	105.0	8.5	7.5

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



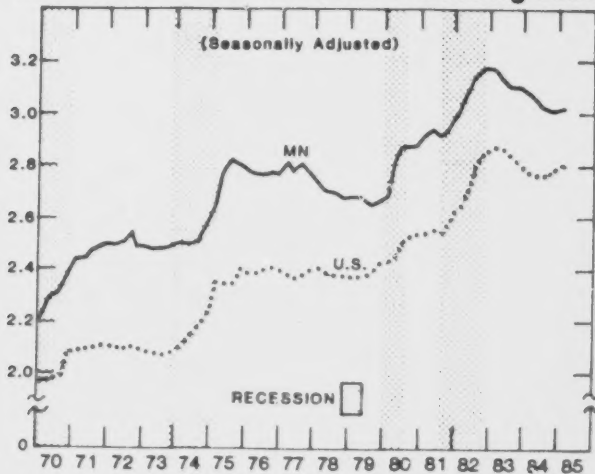
Labor Market Conditions

The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry wage. Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor Force Estimates and by Other Rates of Labor Utilization.

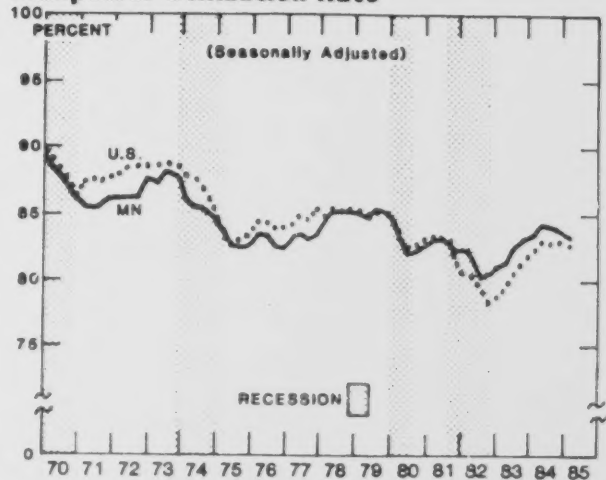
Labor Force & Establishment Data	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Thousands)		
	I QTR. 1985	Percent Change from		I QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
Labor Force Estimates						
Total Labor Force						
Actual	2194.8	- 3.2	2.0	113820	-0.3	2.2
Seasonally Adjusted	2249.2	- 1.1	2.2	115158	0.9	2.2
Employment						
Actual	2041.3	- 4.1	2.9	104934	-1.2	2.9
Seasonally Adjusted	2115.1	- 0.7	2.9	106732	0.7	2.9
Unemployment						
Actual	153.5	11.3	- 8.6	8886	11.8	-5.5
Seasonally Adjusted	134.1	- 7.5	- 8.6	8426	2.3	-5.1
Unemployment Rates						
Actual	7.0	14.8	-10.3	7.8	11.4	-7.1
Seasonally Adjusted	6.0	- 6.3	-10.4	7.3	1.4	-7.6
Other Rates of Labor Utilization						
Participation Rt. (Labor Force/Population (16+))	70.3	- 1.4	1.2	64.9	0.6	1.2
Full Employment Deficit - Percent of Workers ¹ /	3.0	2.1	3.8	3.8	3.0	4.4
Manpower Utilization Rate ² /	83.3	- 0.2	-0.8	82.7	-0.4	0.2
Nonagricultural Wage & Salary Positions						
Employment*	1874.9	0.7	5.1	96247	0.8	3.8
Mining	7.4	-16.9	-19.6	999	-0.8	2.3
Construction	75.3	4.9	17.1	4546	3.0	8.8
Manufacturing	381.1	0.1	4.6	19754	0.1	2.0
Durables	229.7	- 0.2	4.9	11807	0.2	3.3
Nondurables	151.4	0.5	4.1	7947	0.0	0.2
Trans., Comm., & Public Utilities	97.5	0.1	1.5	5270	0.7	3.3
Trade	476.5	0.8	6.9	22440	1.1	4.8
Fin., Ins., & Real Estate	108.4	0.9	3.6	5797	1.2	3.6
Services	434.6	1.2	6.4	21345	1.5	5.3
Government	294.1	0.1	1.0	16096	0.0	1.4
Average Weekly Hours*						
Mining	39.6	2.6	5.9	43.1	-1.1	0.2
Construction	38.2	- 0.5	1.6	36.7	-2.7	0.0
Manufacturing	39.9	- 0.3	- 1.0	40.3	-0.5	-1.2
Durables	40.7	- 1.0	- 1.7	41.0	-0.7	-1.4
Nondurables	39.0	0.8	- 0.3	39.4	0.0	-1.3
Trans., Comm., & Public Utilities	37.6	0.3	- 0.8	39.3	0.3	0.0
Trade	29.8	- 0.3	- 2.6	32.0	-0.3	-0.6
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.4	-0.3	0.0
Services	n.a.	n.a.	n.a.	32.7	0.0	-0.3
Average Hourly Wage						
Mining	12.94	1.3	0.9	11.82	2.1	2.4
Construction	15.69	3.0	2.1	12.23	1.0	1.8
Manufacturing	9.97	1.1	2.7	9.43	1.4	3.9
Durables	10.07	0.4	2.1	9.98	1.4	3.5
Nondurables	9.82	2.1	3.3	8.61	1.3	4.2
Trans., Comm., & Public Utilities	11.70	0.2	2.2	11.31	0.3	2.4
Trade	7.50	0.3	- 0.9	6.91	1.8	2.7
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	7.84	1.6	4.0
Services	n.a.	n.a.	n.a.	7.84	1.2	3.8

Labor Market Conditions

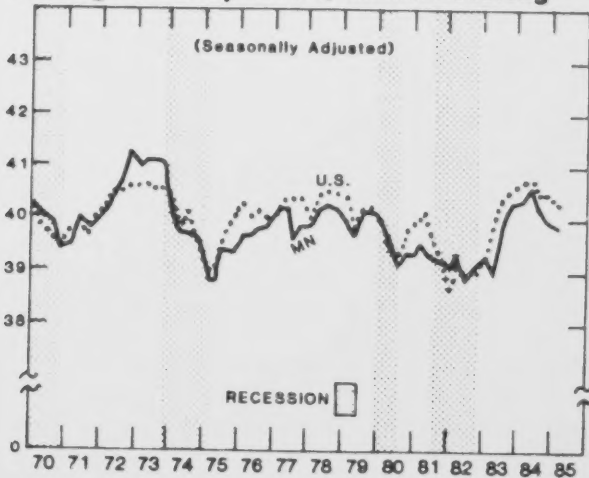
Ratio of Services to Goods Producing Jobs



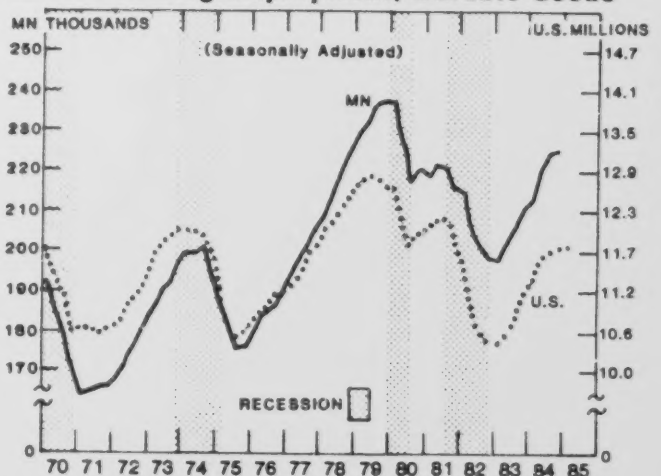
Manpower Utilization Rate



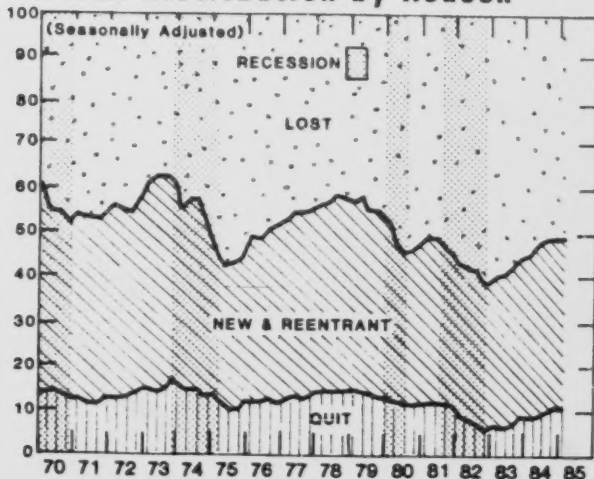
Average Weekly Hours, Manufacturing



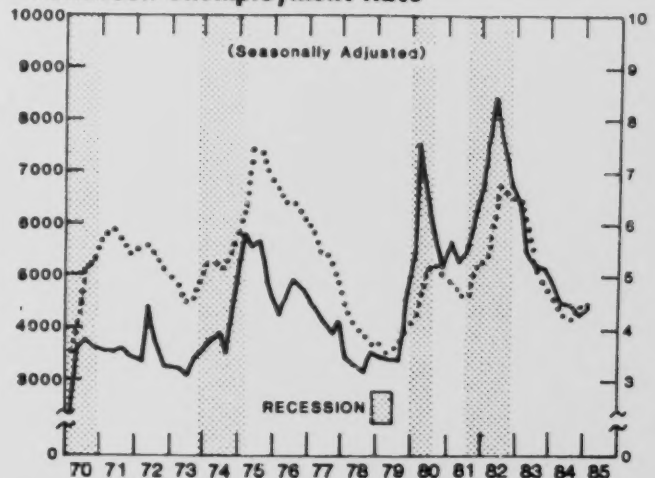
Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate ^{1/}



Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from extended programs is

reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	First Quarter 1985			April 1985			
	Number	Percent Change From		Number	Percent Change From		Percent Long Term
		Last Qtr.	Year Ago		Month Ago	Year Ago	
By Age & Sex							
Male	50002	105.8	14.5	37616	-20.7	19.7	34.5
Under 45	38720	102.7	13.9	28961	-21.4	20.5	34.2
16-24	9242	95.8	7.1	6687	-23.5	19.4	36.7
25-34	19297	104.4	13.2	14489	-21.9	18.5	33.3
35-44	10181	106.0	22.3	7785	-18.6	25.4	33.8
45 and Over	11282	117.4	16.9	8655	-18.1	17.1	35.3
45-54	6509	117.0	18.2	4839	-19.7	18.4	34.7
55 and Over	4773	117.9	15.3	3816	-15.9	15.6	36.1
Female	13232	29.8	6.0	11908	- 5.7	9.2	27.1
Under 45	9802	28.6	8.2	8850	- 5.8	11.8	26.5
16-24	2407	31.2	- 1.8	2138	- 5.1	7.1	26.0
25-34	4535	28.0	12.3	4144	- 5.6	15.6	26.8
35-44	2860	27.5	11.4	2568	- 6.5	10.0	26.3
45 and Over	3430	33.3	0.03	3058	- 5.6	2.5	28.7
45-54	1922	31.2	3.8	1749	- 3.7	9.2	26.8
55 and Over	1508	36.0	- 4.4	1309	- 7.9	- 5.4	31.3
By Industry	63234	83.4	12.6	49524	-17.5	17.0	32.7
Ag., For., Fish.	1842	116.2	0.3	965	-40.5	7.1	53.8
Mining	3630	40.9	69.2	837	-49.5	13.0	62.9
Construction	20808	205.5	10.5	14835	-28.5	14.0	40.5
Manufacturing	15982	75.0	25.0	14949	- 5.0	42.0	28.1
Pub. Utilities	2952	98.3	25.2	2421	-14.2	22.4	31.6
Wholesale Trade	3573	59.2	19.7	3061	-14.9	30.0	29.9
Retail Trade	5141	49.3	- 7.3	4690	- 8.6	2.9	25.1
Fin., Ins., Real Est.	1151	2.8	14.3	1045	- 8.3	12.5	30.9
Services	6189	15.7	- 9.2	5483	- 7.0	- 7.1	26.2
Public Admin.	1137	28.3	- 8.1	720	-29.8	- 6.1	35.0
Inf. Not Available	829	42.0	42.4	518	-23.3	-20.7	4.5
By Occupation	63234	83.4	12.6	49524	-17.5	17.0	32.7
Prof., Tech., Mgr.	4905	12.2	3.1	4632	- 2.8	6.5	27.6
Clerical	3944	15.4	- 2.0	3786	- 2.0	2.9	26.6
Sales	1638	29.5	5.9	1577	- 3.5	15.1	27.3
Services	3039	17.2	-10.7	2622	- 9.5	- 8.5	25.2
Farm., For., Fish.	1583	98.6	- 0.1	858	-40.1	8.1	46.3
Processing	2813	148.5	- 7.3	2449	- 9.8	4.2	29.8
Machine Trade	3492	63.2	36.5	3341	- 6.5	63.4	24.4
Benchwork	5409	57.1	41.8	4708	- 8.6	55.4	28.0
Structural Work	22592	179.4	11.8	16179	-27.2	15.4	37.8
Misc.	13423	93.6	24.9	9038	-20.9	21.5	36.7
Inf. Not Available	396	30.7	-15.2	334	- 8.2	-11.9	30.2
By Duration							
0-14 Weeks	54134	81.4	14.6	33330	-27.0	10.0	
15+ Weeks (Long-Term)	9100	95.7	2.4	16194	12.4	34.7	

Labor Market Conditions

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

Industry	EMPLOYMENT ^{1/} (thousands)			PERCENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	April 1985	March 1985	April 1984	March 1985	April 1984	April 1985	March 1985	April 1985	March 1985	April 1985	March 1985
Total Nonagricultural	1864.2	1838.3	1800.0	1.4	3.6						
Manufacturing	375.3	374.9	366.2	0.1	2.5	400.60	398.60	10.04	9.99	39.9	39.9
Durable Goods	227.3	227.3	222.9	0	2.0	416.15	413.09	10.15	10.10	41.0	40.9
Furniture, Lumber and Wood	16.9	16.5	15.8	2.5	6.8	455.22	413.39	11.13	10.85	40.9	38.1
Stone, Clay and Glass	7.9	7.6	8.0	5.1	-1.1	362.10	363.12	10.20	10.20	35.5	35.6
Primary Metals	5.9	5.9	6.5	-0.1	-8.3	399.50	391.35	9.40	9.34	42.5	41.9
Fabricated Metals	35.4	35.5	34.6	-0.2	2.1	444.85	451.26	10.85	10.90	41.0	41.4
Nonelectrical Machinery	94.9	95.5	90.5	-0.6	4.9	441.21	442.68	10.53	10.49	41.9	42.2
Electrical Machinery	27.4	27.5	27.4	-0.4	-0.2	316.01	317.20	7.94	7.93	39.8	40.0
Transportation Equipment	6.9	6.9	6.9	-0.9	-0.6	504.50	504.13	11.44	11.38	44.1	44.3
Other Durable Goods ^{2/}	31.9	32.0	33.1	-0.1	-3.4	392.69	392.85	9.72	9.70	40.4	40.5
Nondurable Goods	148.0	147.6	143.4	0.3	3.3	379.78	378.84	9.89	9.84	38.4	38.5
Food and Kindred	44.1	43.9	43.0	0.5	2.6	323.57	325.93	8.56	8.51	37.8	38.3
Textile and Apparel	4.6	4.6	4.9	-0.8	-5.8	221.90	219.45	6.34	6.27	35.0	35.0
Paper and Allied	33.5	33.6	33.1	-0.2	1.2	496.93	488.78	11.72	11.61	42.4	42.1
Printing and Publishing	42.2	41.8	39.3	0.9	7.4	376.28	379.10	10.54	10.56	35.7	35.9
Chemical and Petroleum	10.0	10.0	9.7	0.2	2.5	442.18	432.33	11.11	10.89	39.8	39.7
Rubber and Leather	13.7	13.8	13.4	-0.7	2.1	320.82	322.82	8.29	8.32	38.7	38.8
Nonmanufacturing	1488.9	1463.3	1433.8	1.8	3.8						
Mining and Quarrying	9.8	8.3	10.2	17.6	-4.1	514.80	519.87	13.20	13.33	39.0	39.0
Metal Mining	8.0	6.8	8.4	16.9	-5.4	538.23	542.72	13.98	14.06	38.5	38.6
Construction	65.9	59.0	58.6	11.8	12.5	604.03	584.23	15.73	15.79	38.4	37.0
Building	18.5	17.3	16.9	7.1	9.3	559.85	534.91	14.85	14.90	37.7	35.9
Highway and Heavy	8.7	5.9	8.3	47.5	4.6	540.20	508.00	13.08	12.70	41.3	40.0
Special Trades	38.7	35.8	33.3	8.1	16.2	640.84	622.54	16.82	16.78	38.1	37.1
Transportation	63.8	62.3	61.7	2.4	3.4						
Railroads	9.6	9.6	10.6	0.4	-9.3						
Trucking and Warehousing	26.6	25.9	24.8	2.7	7.3	398.25	415.64	11.51	11.61	34.6	35.8
Public Utilities	34.6	34.5	34.4	0.5	0.6	525.11	531.11	13.43	13.48	39.1	39.4
Communications	20.0	20.0	20.2	0.3	-0.8	480.09	479.70	12.31	12.30	39.0	39.0
Elec., Gas and Sanitary	14.6	14.5	14.2	0.8	2.6	579.28	591.72	14.74	14.83	39.3	39.9
Trade	469.7	460.8	449.2	1.9	4.6	220.58	222.85	7.58	7.58	29.1	29.4
Retail	351.7	344.2	333.9	2.2	5.3	177.27	177.89	6.59	6.54	26.9	27.2
General Merchandise	49.1	49.6	45.3	-0.9	8.3	165.00	168.56	6.25	6.22	26.4	27.1
Food Stores	46.1	45.6	45.8	1.2	0.7	195.39	196.38	7.21	7.22	27.1	27.2
Automotive	39.0	37.8	36.6	3.0	6.4	325.78	319.65	9.10	8.83	35.8	36.2
Eating and Drinking	123.0	118.3	114.9	4.0	7.1	103.45	103.49	4.66	4.62	22.2	22.4
Wholesale	118.0	116.6	115.2	1.2	2.4	372.69	378.05	10.10	10.19	36.9	37.1
F.I.R.E.	108.4	107.8	105.1	0.5	3.1						
Finance	50.8	50.5	49.9	0.6	2.0						
Insurance	39.2	39.2	37.8	0	3.8						
Real Estate	18.3	18.0	17.5	1.7	4.8						
Service	434.7	429.0	414.2	1.3	5.0						
Hotel and Lodging	21.9	21.5	20.8	1.9	5.3						
Business Services	80.3	79.2	71.5	1.4	12.3						
Health Services	137.0	136.6	134.2	0.3	2.0						
Private Education	24.9	24.7	24.9	0.6	-0.2						
Soc., Serv., Museums etc.	92.1	92.0	88.5	0.1	4.1						
Government	302.0	301.6	300.4	0.1	0.5						
Federal	31.2	31.0	30.3	0.6	3.0						
State	76.4	75.8	76.0	0.8	0.6						
Local	194.3	194.8	194.1	-0.2	0.1						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Market Conditions

Labor Force Data: State, MSAs, and Counties

Labor Force Data: State, MSAs, and Counties									
Area or County	April, 1985 Prelim.				Area or County	April, 1985 Prelim.			
	Labor ¹ / Force	Unemp.	Unemp. Rate			Labor ¹ / Force	Unemp.	Unemp. Rate	
				Year Ago					Year Ago
State of Minnesota	2217879	126457	5.7	6.7	Houston	10002	594	5.9	6.5
Metropolitan Areas					Hubbard	5709	684	12.0	14.4
Duluth/Superior MSA	100982	9334	9.2	11.8	Itasca	16901	2055	12.2	13.5
St. Louis County	84257	7900	9.4	11.9	Jackson	8330	369	4.4	5.5
City of Duluth	34291	2861	8.3	10.2	Kanabec	5682	728	12.8	11.6
Douglas County (Wisc.)	16725	1434	8.6	11.5	Kandiyohi	18668	1228	6.6	7.6
Fargo/Moorhead MSA	80018	3638	4.5	4.7	Kittson	3386	299	8.8	11.6
Cass County (N. Dakota)	51140	1921	3.8	3.3	Koochiching	7802	1237	15.9	11.9
Clay County	28878	1717	5.9	7.1	Lac Qui Parle	5938	348	5.9	6.1
Mpls./St. Paul-MN-WI MSA	1260464	52899	4.2	4.8	Lake	4518	511	11.3	18.8
Anoka County	118117	5645	4.8	5.1	Lake of the Woods	1762	165	9.4	11.2
Carver County	21952	824	3.8	5.5	Le Sueur	12092	1127	9.3	11.3
Chisago County	15842	1067	6.7	7.8	Lincoln	4013	268	6.7	7.8
Dakota County	118012	5222	4.4	4.6	Lyon	15779	812	5.1	6.1
Hennepin County	548453	20578	3.8	4.5	McLeod	16903	1005	5.9	7.0
City of Bloomington	47549	1593	3.4	4.3	Mahnomen	2896	302	10.4	13.3
City of Minneapolis	211755	8439	4.0	4.8	Marshall	6321	827	13.1	16.1
Isanti County	14226	1020	7.2	5.5	Martin	13969	830	5.9	6.5
Ramsey County	267917	10960	4.1	4.8	Meeker	10493	963	9.2	12.4
City of St. Paul	156014	7067	4.5	5.2	Mille Lacs	9260	807	8.7	9.6
St. Croix County (Wisc.)					Morrison	13194	1376	10.4	11.5
Scott County	26692	1475	5.5	5.9	Mower	18423	1030	5.6	7.1
Washington County	68350	2652	3.9	4.7	Murray	6218	429	6.9	9.3
Wright County	35744	2274	6.4	7.2	Nicollet	14880	727	4.9	5.4
Rochester MSA-Olmsted Cty.	61544	2440	4.0	4.7	Nobles	11900	716	6.0	7.1
St. Cloud MSA	81056	6245	7.7	8.0	Norman	4778	400	8.4	9.2
Benton County	12562	993	7.9	8.1	Otter Tail	25058	2354	9.4	10.9
Sherburne County	15072	979	6.5	7.5	Pennington	6120	598	9.8	10.6
Stearns County	53422	4273	8.0	8.1	Pine	9781	1094	11.2	12.7
Counties					Pipestone	5750	230	4.0	5.7
Aitkin	5257	968	18.4	20.6	Polk	16734	1440	8.6	10.2
Becker	12353	1324	10.7	17.0	Pope	5625	380	6.8	8.7
Beltrami	16465	1385	8.4	9.8	Red Lake	2233	314	14.1	17.7
Big Stone	3899	269	6.9	7.5	Redwood	10890	645	5.9	5.9
Blue Earth	28181	1312	4.7	5.3	Renville	11920	1088	9.1	10.3
Brown	14941	967	6.5	6.5	Rice	23368	1516	6.5	8.1
Carlton	11459	1236	10.8	13.1	Rock	5794	230	4.0	4.3
Cass	10436	1044	10.0	12.1	Roseau	6340	567	8.9	12.3
Chippewa	7772	660	8.5	7.9	Sibley	8487	675	8.0	8.5
Clearwater	4145	807	19.5	22.7	Steele	16496	894	5.4	7.4
Cook	2106	254	12.1	15.8	Stevens	5842	334	5.7	6.1
Cottonwood	7419	414	5.6	6.1	Swift	6482	565	8.7	9.0
Crow Wing	17631	1775	10.1	10.9	Todd	11514	918	8.0	8.8
Dodge	8630	616	7.1	9.7	Traverse	2863	162	5.7	7.2
Douglas	14005	1078	7.7	8.0	Wabasha	9911	741	7.5	8.2
Faribault	10649	615	5.8	7.6	Wadena	5430	428	7.9	10.1
Fillmore	12985	939	7.2	8.0	Waseca	9024	473	5.2	6.9
Freeborn	17698	1111	6.3	9.0	Watsonwan	6649	363	5.5	7.4
Goodhue	20450	1203	5.9	6.7	Wilkin	4372	309	7.1	7.1
Grant	3743	250	6.7	7.5	Winona	22275	1566	7.0	8.8
					Yellow Medicine	7840	490	6.3	6.8

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and MSA areas. County and area unemployment was multiplied by an adjustment factor of 1.26; employment was multiplied by 1.00. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

Labor force is the sum of employment and unemployment; therefore, employment can be derived by subtracting unemployment from the labor force.

National Economic Activity

Spending, Output, Income, and Prices

The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit

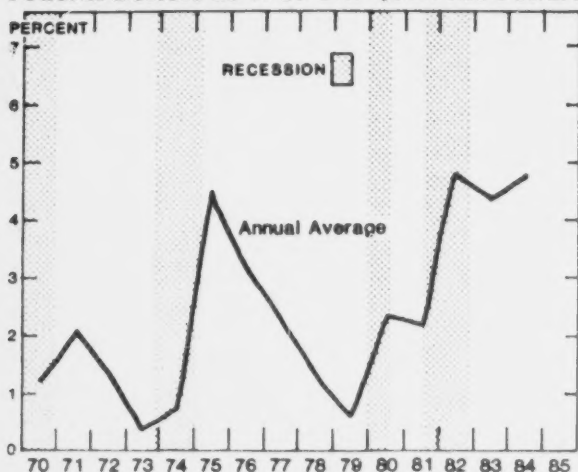
is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment.

Spending, Output, Income, and Prices	United States		
	I QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago
Spending and Output			
Gross National Product (in Billions of 1972 Dollars) ^{1/}	1668.0	0.3	3.5
Personal Consumption Expenditures	1087.9	1.2	4.2
Durable Goods	186.0	1.7	7.1
Nondurable Goods	399.1	1.0	3.1
Services	502.9	1.1	4.0
Gross Private Domestic Investment	295.5	1.9	3.5
Nonresidential, Fixed	215.6	0.8	11.5
Residential, Fixed	59.1	-0.2	- 2.5
Net Exports	-26.1	#	#
Government Purchases	310.6	0.03	7.3
Federal	129.3	- 0.2	15.2
State and Local	181.3	0.2	2.3
Current Federal Budget Surplus (Deficit) ^{2/}	-161.1	-197.8	-161.3
Current Federal Budget Surplus (Deficit) as % of GNP ^{3/}	- 4.2	- 5.3	- 4.5
Retail Sales (in millions of dollars)	111416	1.4	5.6
Industrial Production ^{4/}	165.2	0.3	3.4
Housing Starts ^{5/}	1792	12.1	- 8.0
Plant Utilization Rates	81.1	- 0.6	0.5
New Orders - Durable Goods (in millions of dollars)	102677	1.9	0.7
Income and Credit			
Total Personal Income (in billions of dollars)	3141.6	1.5	7.6
Total Disposable Personal Income (in billions of dollars)	2652.6	0.3	6.0
Per Capita Personal Income			
Current Dollars	13199	1.2	6.6
1972 Dollars	4205	0.7	2.9
Median Family Income - Family of Four (in dollars)	34067	1.2	6.2
Poverty Threshold for Family of Four (in dollars)	10650	----	4.4
Average Weekly Earnings of Production Workers in Mfg.	378.01	- 0.4	2.4
Money and Credit			
Money Supply (M2) (in billions of dollars)	2416.3	3.0	9.0
Federal Reserve Discount Rate	8.00	- 8.4	- 5.9
Prime Rate Charged by Banks	10.54	- 10.7	- 4.8
Consumer Instalment Credit as % of Disp. Pers. Income	17.6	3.3	13.7
Prices			
Consumer Price Index (All Urban Consumers)	317.4	0.6	3.6
Food	300.8	1.4	2.5
Housing	343.4	0.7	3.9
Apparel	202.3	- 1.2	2.6
Transportation	315.2	- 0.2	2.9
Medical Care	393.8	1.7	5.7
Personal Care	278.0	0.8	3.9
Producer Price Index	309.2	- 0.2	- 0.03
Finished Goods	292.5	0.1	0.7
Raw Materials	316.9	- 1.6	- 5.4

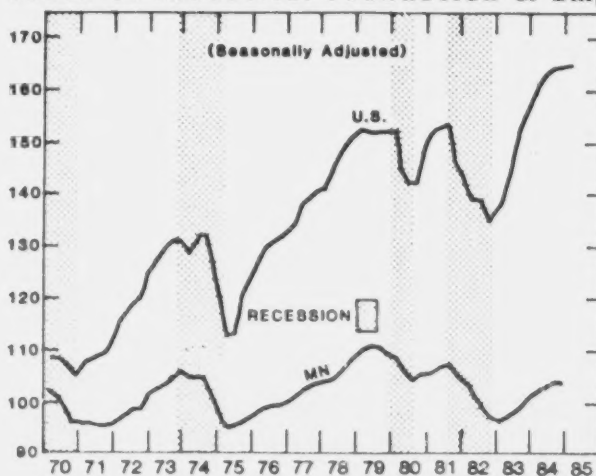
Percent change not applicable

Output, Expenditures, Money, & Credit Conditions

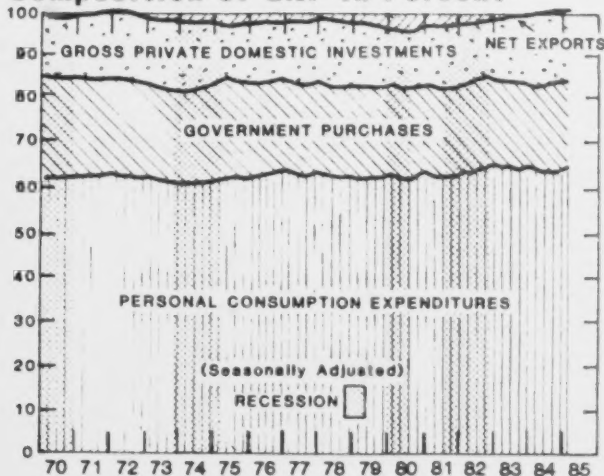
Federal Deficit as % of GNP (Current Dollars)



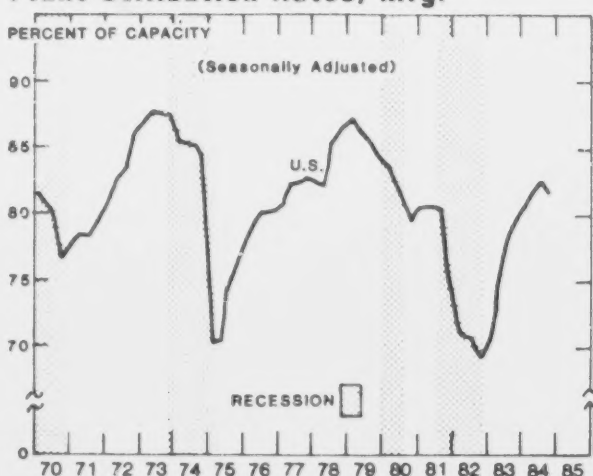
Index of Industrial Production & Emp.



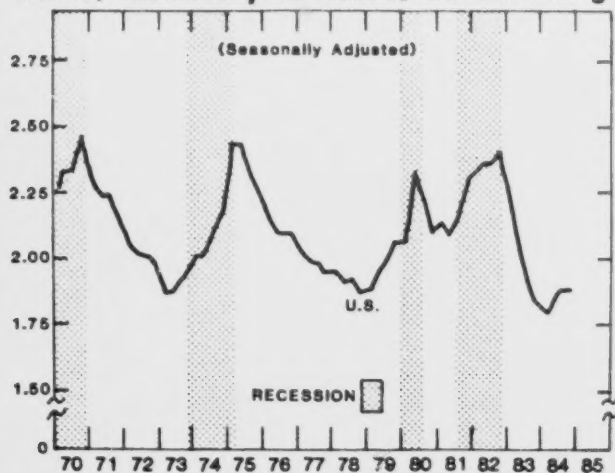
Composition of GNP in Percent



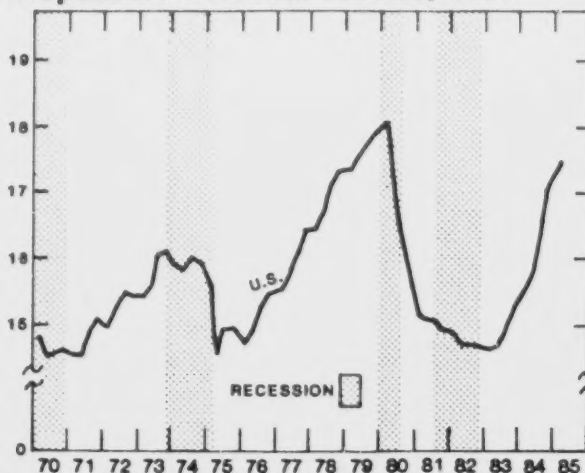
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.

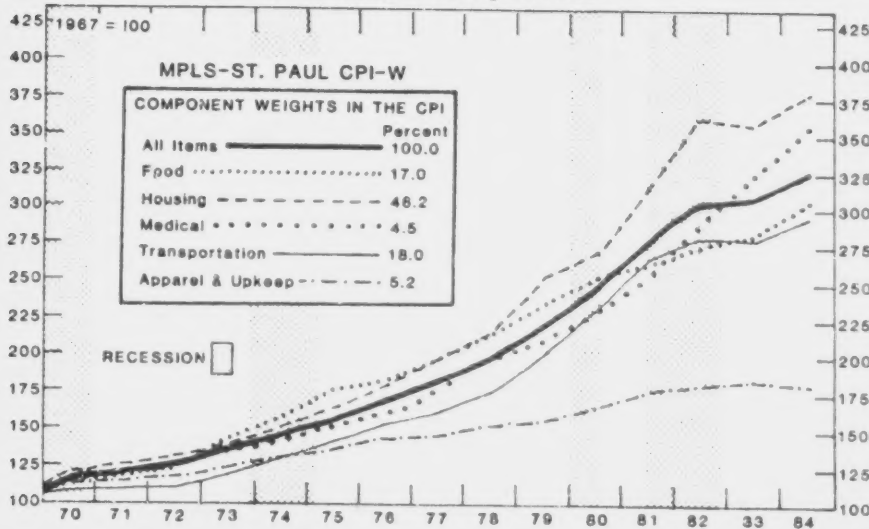


Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.

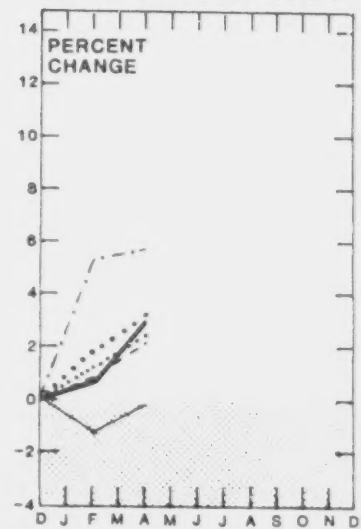


Income & Purchasing Power

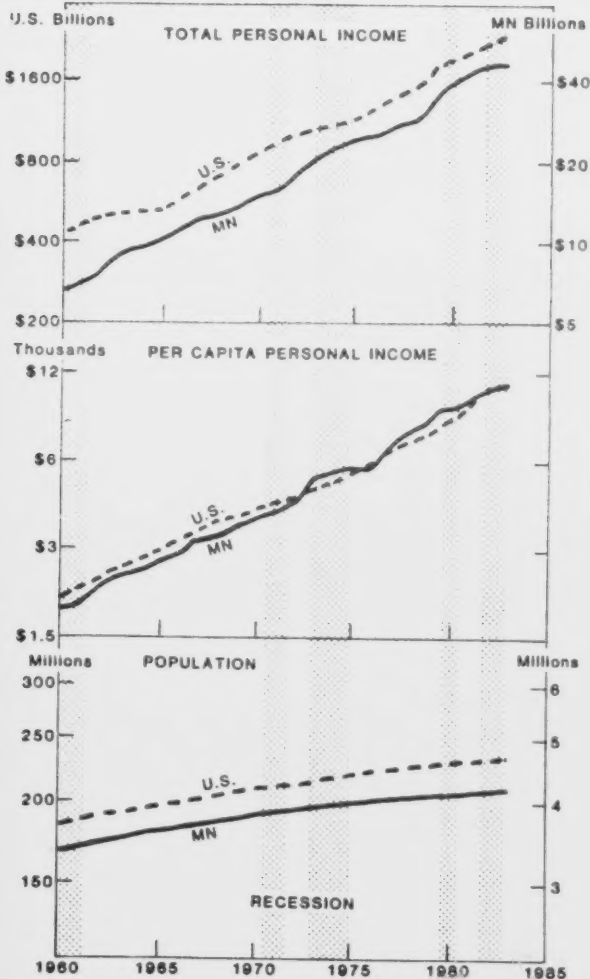
Consumer Price Index—Major Components



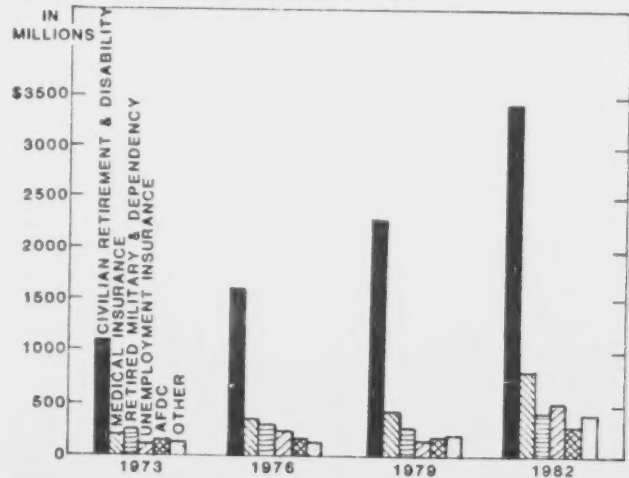
% Δ From Dec. 1984



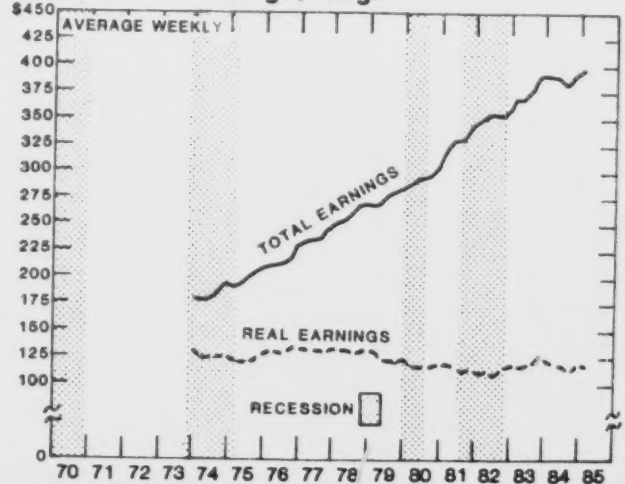
U.S. & MN Personal Income and Population



Government Transfer Payments To Individuals In Minnesota (Selected Years)



Minnesota Earnings, Mfg.



Minnesota Income Support and Employment Assistance Data

Presented below is data on income support and employment assistance programs provided to unemployed Minnesotans. Usually, the number of individuals receiving payments or employment and training assistance is the average of the three months in the quarter. In most programs there are eligibility requirements which must be met. In the

table below, comparative data from a quarter ago and a year ago is presented. Because of seasonal swings in economic activity, quarter to quarter comparisons of program data can vary significantly. Year ago comparisons give a better indication of trends in the economy.

	Number of Persons			Amount Paid (Thousands)		
	I QTR. 1985	Last Quarter	Last Year	I QTR. 1985	Last Quarter	Last Year
Unemployment Insurance						
Total State	74508	40901	67004	\$38,041.6	\$17,826.0	\$32,865.6
Northeast	11165	7164	8764	6,320.7	3,457.2	4,547.4
Northwest	11661	5986	10971	5,613.1	2,275.7	5,138.6
Central	10199	5026	9072	5,212.0	2,065.3	4,503.7
Metropolitan	25446	14701	23273	13,324.1	6,978.1	11,674.8
Southern	16036	8024	14924	7,571.7	3,049.7	7,001.0
General Assistance						
Total State	38467	32734	15883	7699.1	6,773.3	3,543.6
Northeast	66914	6290	2325	1303.8	1,257.1	505.9
Northwest	4171	3273	1331	737.2	585.3	260.3
Central	2341	1855	989	433.6	353.9	202.1
Metropolitan	20954	18066	9553	4418.9	3,933.8	2,212.9
Southern	4087	3250	1685	805.6	643.2	362.4
Job Service						
Individuals served	146781	136263	134247			
Individuals placed	3409	4786	4193			
Vocational Rehabilitation						
Active Caseload	15184	14876	14473			
Percent Severely Disabled	56.2	56.4	56.2			
Closed-Employed	311	428	386			
Job Training Partnership Act (Title IIA)						
Participants	11852	10264	10303			
Entered Employment	2082	1882	1668			
Trade Adjustment Assistance (TRA)						
Individuals Entitled to Basic TRA	1	3	65			
Individuals Placed or Entered Training	16	14	3			
Targeted Jobs Tax Credit						
Individuals Vouchered	1405	1328	605			
Individuals Certified	809	863	606			
Food Stamp Program						
Registrations	1559	2376	1501			
Individuals Entered Employment	115	140	178			
Work Incentive Program						
Registrants On-Board	24936	23837	23592			
Individuals Entered Employment	326	421	448			
MEED						
Individuals On-Board Left Program with Unsubsidized Job	5834	6368	8110			
	609	831	239			

Technical Notes

For the reader's convenience the notes which follow are organized in sequence for the pages which appear in the statistical section. Each note corresponds to the footnote or reference notation for the given page.

* Wherever an asterisk appears the data is seasonally adjusted.

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- 1/ Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.
- 2/ Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

Page 21

- 1/ The handbook unemployment rate is the estimate of unemployment prior to the Current Population Survey (CPS) adjustment.

Page 25

- 1/ Totals may not add due to rounding.
- 2/ Values shown in percent change columns are deficit in billions of dollars for period cited.
- 3/ Values shown in percent change columns are deficit as percent of GNP for period cited.
- 4/ Base year is 1967. Source: Federal Reserve Board.
- 5/ Annualized in thousands. Source: Bureau of the Census

Available Publications

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

Minnesota Employment Outlook to 1990 (February 1985)

Labor Market Information Summary for 1985 for Minneapolis-St. Paul SMSA (May 1984), St. Cloud SMSA (June 1984), Duluth SMSA (September 1984) and Minnesota (April 1984)

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings, January 1950 - December 1984 (April 1985)

Employment, Hours, and Earnings, 1950-1985, Minneapolis-St. Paul Area (April 1985)

Important Minnesota Occupations by Industry (August 1984)

1982 Occupational Employment Statistics in Minnesota (April 1984)

1983 Occupational Employment Statistics in Minnesota (December 1984)

1984 Minnesota Salary Survey by Area (September 1984)

1984 Minnesota Hospitals and Nursing Homes Salary Survey (September 1984)

1984 Minnesota Wage Data by Industry and Size of Firm (September 1984)

Minnesota Labor Market Information Directory (June 1984)

Minnesota Employment and Wage Data by County (Third Quarter 1984). Limited number available for 1975-1983

Average Covered Employment & Wages by Economic Region for the Calendar Year 1983 by Two Digits of Industry (also available for 1976-82)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950-1978

Cyclical Sensitivity in Minnesota (August 1981)

Write to: Director, Research and Statistical Services Office
Minnesota Department of Economic Security
390 North Robert Street
St. Paul, Minnesota 55101

CURRENT MINNESOTA LABOR MARKET CONDITIONS

April, 1985, Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

According to a majority of the economic barometers, the Nation's economy appeared to be growing at a slower rate in March and the first quarter. However, some analysts believe that the slowdown is due to temporary conditions and expect stronger growth in the second quarter.

Although the seasonally adjusted unemployment rate remained at 7.3 percent in March, close to the level of the past several months, labor market conditions generally improved in March. Seasonally adjusted total employment rose by a steep 434,000 in March after smaller gains in earlier months while seasonally adjusted nonfarm payroll employment climbed by a strong 381,000 in March, the largest monthly increase since April 1984. Except for employment in construction which jumped by 129,000 in March, the March rise in payroll employment was exclusively in the service-producing industries, especially in retail trade and services. Meanwhile, employment in manufacturing, which has been hit hard by imports fell by 26,000 in March after a decline of 69,000 in February and has grown little since last summer.

Except for industrial production whose growth has been restrained by imports, the weak performances in other indicators were believed to be due to temporary factors. The declines in retail sales and consumer expenditures and the slow growth in personal income were attributed partly to delays in income tax refunds. Also, the very small growth in real gross national product (GNP) was partially caused by the delays in refunds, the large change in the trade deficit, and the large rise in the GNP price deflator.

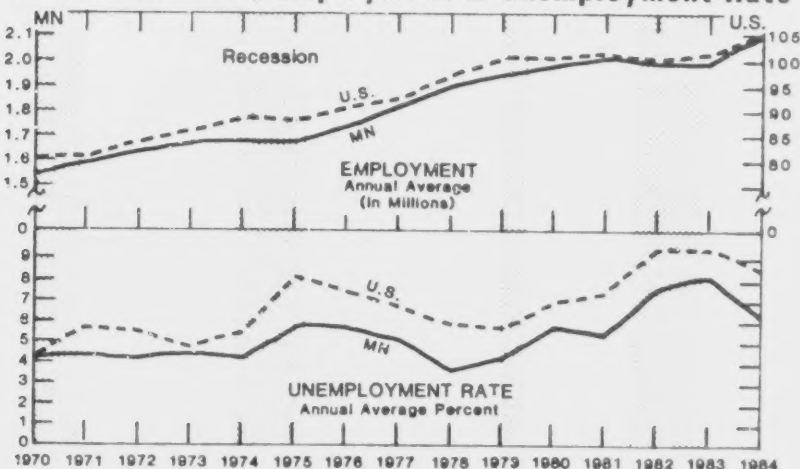
State

A mixture of developments in March made it difficult to assess the strength and direction of the Minnesota economy. Although the seasonally adjusted unemployment rate fell for the third straight month, both seasonally adjusted total employment and nonfarm payroll employment barely rose in March after rather small gains in February.

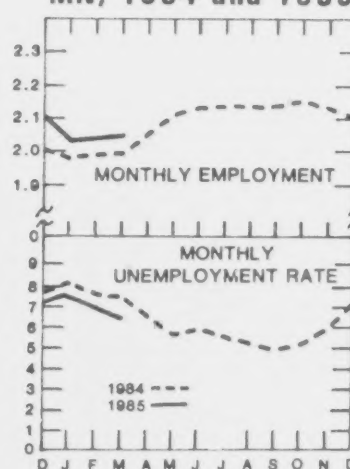
Minnesota's seasonally adjusted unemployment rate fell 0.3 of a point to 5.6 percent in March following declines of 0.5 in February and 0.2 in January. On the other hand, seasonally adjusted total employment rose by only 1,800 in March after a small increase of 4,200 in February and a drop of 23,300 in January. Also, seasonally adjusted nonfarm payroll employment climbed by a meager 1,476 in March following rises of 4,687 in February and 7,092 in January. Seasonally adjusted over-the-month increases of 1,400 in mining and 1,200 in trade were partially offset by declines of 1,300 in manufacturing and 900 in government. Employment in manufacturing in March was close to the level it was at in November. Although employment in mining rose substantially in both March and February, it was still far below the 1979 peak. On an over-the-year basis, employment and payroll employment showed gains of 59,200 and 84,500, respectively. The trade and services industries continued to account for more than three-fifths of the over-the-year gains in payroll employment.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	March 1985	Change		March 1985	Change	
		Last Mo.	From Year Ago		Last Mo.	From Year Ago
Civilian Labor Force	2195.3	0.0	37.3	114.4	0.8	2.6
Employed	2052.2	9.5	57.3	105.8	1.1	3.0
Unemployed	143.1	-9.5	-20.0	8.6	-0.3	-0.4
Unemployment Rate						
Actual	6.5	-0.5	-1.1	7.5	-0.3	-0.6
Seasonally Adjusted	5.6	-0.3	-0.8	7.3	0.0	-0.5

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Mar. 1985	Feb. 1985	Mar. 1984	Feb. 1985	Mar. 1984	Mar. 1985	Feb. 1985	Mar. 1985	Feb. 1985	Mar. 1985	Feb. 1985
TOTAL NONAGRICULTURAL	1839.7	1832.9	1759.8	0.4	4.5						
MANUFACTURING	374.8	374.9	360.7	0.0	3.9	399.40	399.20	10.01	9.98	39.9	40.0
Durable Goods	227.0	227.0	218.0	0.0	4.2	413.50	410.66	10.11	10.09	40.9	40.7
Furniture, Lumber and Wood	16.5	16.0	15.6	3.1	5.5	408.43	400.34	10.72	10.48	38.1	38.2
Stone, Clay and Glass	7.6	7.5	7.5	1.2	0.5	360.06	362.76	10.20	10.19	35.3	35.6
Primary Metals	6.0	5.9	6.0	1.3	-0.3	389.48	371.97	9.34	9.23	41.7	40.3
Fabricated Metals	35.3	35.4	34.3	-0.2	2.8	448.78	452.19	10.84	10.87	41.4	41.6
Nonelectrical Machinery	95.2	95.8	88.6	-0.7	7.4	446.05	445.21	10.52	10.55	42.4	42.2
Electrical Machinery	27.5	27.5	26.6	-0.3	3.1	322.36	315.59	8.12	8.01	39.7	39.4
Transportation Equipment	6.9	6.7	6.7	4.0	3.4	504.32	499.10	11.41	11.58	44.2	43.1
Other Durable Goods ^{2/}	32.1	32.2	32.5	-0.2	-1.1	390.02	389.21	9.63	9.61	40.5	40.5
Nondurable Goods	147.7	147.9	142.8	-0.1	3.5	380.21	383.37	9.85	9.83	38.6	39.0
Food and Kindred	44.0	44.6	43.4	-1.2	1.3	325.76	329.48	8.55	8.47	38.1	38.9
Textile and Apparel	4.6	4.6	5.1	1.1	-8.7	219.45	225.98	6.27	6.33	35.0	35.7
Paper and Allied	33.6	33.6	33.0	0.1	1.9	489.10	493.73	11.59	11.59	42.2	42.6
Printing and Publishing	41.7	41.2	38.5	1.3	8.4	383.69	383.72	10.57	10.60	36.3	36.2
Chemical and Petroleum	10.0	10.0	9.5	0.3	4.8	433.92	446.42	10.93	11.05	39.7	40.4
Rubber and Leather	13.8	14.0	13.2	-1.8	3.9	323.26	324.53	8.31	8.30	38.9	39.1
NONMANUFACTURING	1465.0	1458.0	1399.1	0.5	4.7						
Mining and Quarrying	8.3	7.0	9.7	19.3	-14.4	522.57	524.80	13.13	13.12	39.8	40.0
Metal Mining	6.9	5.7	8.3	21.2	-17.8	544.90	550.24	13.76	13.93	39.6	39.5
Construction	59.1	58.2	50.7	1.6	16.8	589.94	586.27	15.69	15.76	37.6	37.2
Building	17.3	17.2	15.7	0.6	10.4	531.00	535.04	14.75	14.78	36.0	36.2
Highway and Heavy	5.9	5.3	5.1	10.8	15.0	510.87	495.36	12.74	12.90	40.1	38.4
Special Trades	36.0	35.7	29.9	0.7	20.4	634.37	627.17	16.65	16.68	38.1	37.6
Transportation	62.3	62.0	61.2	0.4	1.8						
Railroads	9.5	9.5	10.4	0.0	-8.2						
Trucking and Warehousing	25.9	25.9	24.5	-0.1	5.9	408.52	391.00	11.54	11.50	35.4	34.0
Public Utilities	34.5	34.5	34.4	-0.1	0.3	527.01	527.17	13.41	13.38	39.3	39.4
Communications	20.0	20.0	20.2	0.2	-0.8	474.14	474.14	12.22	12.22	38.8	38.8
Elec., Gas and Sanitary	14.5	14.6	14.2	-0.5	2.0	589.72	590.54	14.78	14.69	39.9	40.2
Trade	461.9	457.9	434.4	0.9	6.3	221.38	221.25	7.53	7.50	29.4	29.5
Retail	345.1	341.5	322.3	1.0	7.1	177.78	177.89	6.56	6.54	27.1	27.2
General Merchandise	49.7	49.7	44.9	-0.1	10.8	169.10	167.50	6.24	6.25	27.1	26.8
Food Stores	45.6	45.5	44.8	0.2	1.7	196.83	196.08	7.21	7.13	27.3	27.5
Automotive	37.8	37.2	35.5	1.5	6.4	315.06	315.40	8.90	8.81	35.4	35.8
Eating and Drinking	118.8	116.3	107.8	2.2	10.2	104.64	104.87	4.63	4.62	22.6	22.7
Wholesale	116.9	116.4	112.1	0.4	4.3	371.51	369.27	9.96	9.90	37.3	37.3
F.I.R.E.	107.9	107.4	104.2	0.5	3.5						
Finance	50.5	50.4	49.8	0.2	1.4						
Insurance	39.3	39.2	37.0	0.1	6.1						
Real Estate	18.1	17.8	17.4	2.0	4.1						
Service Industries	429.6	428.0	405.2	0.4	6.0						
Hotel and Lodging	21.6	21.4	19.7	0.9	9.8						
Business Services	78.8	78.3	69.7	0.7	13.2						
Health Services	136.8	136.7	133.5	0.1	2.5						
Private Education	24.8	24.8	24.9	-0.1	-0.6						
Soc. Serv., Museums etc.	92.4	92.0	86.8	0.4	6.4						
Government	301.3	303.0	299.4	-0.6	0.6						
Federal	30.9	30.8	30.2	0.3	2.5						
State	75.6	77.2	75.4	-2.2	0.2						
Local	194.8	195.0	193.7	-0.1	0.5						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, SMSAs, and Counties

Area or County	March 1985, Prelim.			Area or County	March 1985, Prelim.		
	Labor ^{1/} Force	Unemp.	Un. Rate		Labor ^{1/} Force	Unemp.	Un. Rate
<u>State of Minnesota</u>	2195338	143128	6.5	Lake	4457	553	12.4
<u>Metropolitan Areas</u>				Lake of the Woods	1723	179	10.4
Duluth/Superior (Duluth City Only)	33907	2944	8.7	Le Sueur	11089	1275	11.5
Fargo/Moorhead (Clay County, MN Only)	28456	1747	6.1	Lincoln	3608	312	8.6
Minneapolis/St. Paul SMSA ^{2/}	1237619	56865	4.6	Lyon	15125	986	6.5
Rochester SMSA ^{3/} (Olmsted Co.)	61833	2735	4.4	McLeod	16414	1126	6.9
St. Cloud SMSA	80805	7313	9.1	Mahnomen	2744	335	12.2
				Marshall	5877	964	16.4
<u>Counties</u>				Martin	13584	887	6.5
Aitkin	5247	1164	22.2	Meeker	9958	948	9.5
Anoka	118313	6111	5.2	Mille Lacs	9144	958	10.5
Becker	11939	1917	16.1	Morrison	12817	1726	13.5
Beltrami	16139	1497	9.3	Mower	17987	1205	6.7
Benton	12502	1137	9.1	Murray	5710	579	10.1
Big Stone	3681	279	7.6	Nicollet	14677	855	5.8
Blue Earth	27802	1562	5.6	Nobles	11397	814	7.1
Brown	14484	1153	8.0	Norman	4504	429	9.5
Carlton	11375	1352	11.9	Olmsted	61833	2735	4.4
Carver	22124	1046	4.7	Otter Tail	23755	2785	11.7
Cass	9763	1197	12.3	Pennington	5968	610	10.2
Chippewa	7210	709	9.8	Pine	9506	1262	13.3
Chisago	16017	1277	8.0	Pipestone	5490	295	5.4
Clay	28456	1747	6.1	Polk	16804	1643	9.8
Clearwater	4074	1006	24.7	Pope	5147	447	8.7
Cook	2127	258	12.1	Ramsey	268167	11826	4.4
Cottonwood	7078	493	7.0	Red Lake	2121	334	15.7
Crow Wing	17410	2030	11.7	Redwood	9930	696	7.0
Dakota	118387	5867	5.0	Renville	11027	1183	10.7
Dodge	8209	791	9.6	Rice	22981	1766	7.7
Douglas	13399	1222	9.1	Rock	5370	242	4.5
Faribault	10201	784	7.7	Roseau	6082	690	11.3
Fillmore	12226	1136	9.3	St. Louis (Inc. Duluth)	84186	8963	10.6
Freeborn	18816	1439	7.6	Scott	26981	1824	6.8
Goodhue	20310	1408	6.9	Sherburne	15248	1403	9.2
Grant	3235	312	9.6	Sibley	8113	780	9.6
Hennepin	548473	21862	4.0	Stearns	53055	4773	9.0
Houston	9994	709	7.1	Steele	16137	993	6.2
Hubbard	5415	775	14.3	Stevens	5650	413	7.3
Isanti	14322	1148	8.0	Swift	6160	629	10.2
Itasca	16914	2258	13.3	Todd	10851	1028	9.5
Jackson	7699	434	5.6	Traverse	2598	204	7.9
Kanabec	5545	795	14.3	Wabasha	9350	905	9.7
Kandiyohi	17932	1399	7.8	Wadena	5329	551	10.3
Kittson	3242	332	10.2	Waseca	8729	623	7.1
Koochiching	7854	1257	16.0	Washington	68621	3080	4.5
Lac qui Parle	5605	444	7.9	Watsonwan	6389	427	6.7
				Wilkin	4086	343	8.4
				Winona	21925	1783	8.1
				Wright	36214	2824	7.8
				Yellow Medicine	7201	630	8.7

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.30; employment was multiplied by 1.01. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

2/ Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, and Wright Counties.

3/ Benton, Sherburne, and Stearns Counties.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

The total number of claimants for unemployment benefits fell by 4,386 or 6.8 percent in March as claimants dropped in every industry division except manufacturing and finance, insurance and real estate. Also, the over-the-month declines in total claimants and in most of the industries which dropped in March were steeper than is normal for March. However, claimants in manufacturing which usually fall in March rose somewhat in March most likely as a result of the plant closings in recent months. Over-the-year, the total number of claimants rose by 7,801 or 14.9 percent. The over-the-year increase in March was the fourth in a row. Claimants in manufacturing were up significantly from a year ago both in numerical and percentage terms.

Table 1. Distribution of Insured Unemployed, By Age and Sex, March 1985

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men.	Women of Women
TOTALS	60047	79.0	100.0	100.0
Under 45	46242	79.7	77.7	74.4
Under 25	10991	79.5	18.4	17.9
25-34	22940	80.9	39.1	34.8
35-44	12311	77.7	20.2	21.7
45 and Over	13805	76.5	22.3	25.6
45-54	7846	76.8	12.7	14.4
55 and Over	5959	76.2	9.6	11.2

Table 2. Distribution of Insured Unemployed By Industry and Occupation, March 1985

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term Unemployed ^{1/}	Women as Percent of Total
Total, All Industries	60047	100.0	24.0	21.1
Ag., For., Fish.	1622	2.7	41.1	7.8
Mining	1658	2.8	48.7	5.8
Construction	20741	34.5	23.2	2.5
Manufacturing	15743	26.2	20.1	32.2
Pub. Utilities	2821	4.7	20.6	12.0
Wholesale Trade	3597	6.0	25.5	21.4
Retail Trade	5131	8.6	23.1	36.6
Fin., Ins., Real Est.	1139	1.9	32.3	53.0
Services	5894	9.8	26.0	48.6
Public Admin.	1026	1.7	32.4	25.6
Inf. Not Available	675	1.1	3.9	23.7
Total, All Occupations	60047	100.0	24.0	21.1
Prof., Tech., Mgr.	4767	7.9	26.9	35.9
Clerical	3864	6.4	25.8	78.8
Sales	1634	2.7	26.8	31.3
Services	2896	4.8	27.2	54.9
Farm., For., Fish.	1433	2.4	42.2	9.6
Processing	2716	4.5	12.2	40.4
Machine Trades	3572	6.0	23.0	13.2
Benchwork	5150	8.6	22.5	49.5
Structural Work	22232	37.0	22.1	1.7
Misc.	11419	19.0	26.3	9.7
Inf. Not Available	364	0.7	16.2	29.7

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 3. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) March 1985	Job Openings (Demand) March 1985	Supply/Demand Ratio	
			March 1985	March 1984
Total	128053	11899	10.8	8.8
Prof., Tech., Mgr.	14039	1580	8.9	8.9
Clerical	21254	2610	8.1	6.9
Sales	5842	1372	4.3	3.3
Dom. Services	1964	146	13.5	10.2
Other Services	21009	3417	6.1	6.9
Farm., Fish., For.	3147	120	26.2	17.6
Processing	2510	292	8.6	5.7
Machine Trades	8580	476	18.0	10.7
Benchwork	9261	697	13.3	11.3
Structural Work	18287	372	49.2	23.9
Mtr. Frght., Trans.	5751	338	17.0	14.7
Pkg. & Mat. Hndlg.	15118	421	35.9	9.5
Other	1291	58	22.3	24.3

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

CURRENT MINNESOTA LABOR MARKET CONDITIONS

June 1985 Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

Although there were signs that the Nation's economy might become stronger in the coming months, the economy was still rather sluggish in May. The encouraging signs were the declines in interest rates and a slowdown in the slide of manufacturing employment.

Even though the seasonally adjusted unemployment rate remained at 7.3 percent for the fourth consecutive month in May, labor market developments were generally favorable in May. Although seasonally adjusted total employment showed little growth in May, seasonally adjusted nonfarm payroll employment registered its strongest gain since last September. However, except for employment in construction which rose by 32,000 in May, the May payroll employment increases were exclusively in the services-producing industries. Employment in manufacturing continued to decline in May and was little above the level of a year ago. A bright spot in the otherwise dismal manufacturing picture was that the May drop was the smallest this year.

Other indicators showed mixed trends in May. Industrial production dropped for the second straight month in May while housing starts fell very sharply. Although retail sales and personal income declined in May, the decreases followed very large gains in April which were attributable to farm subsidy payments and Federal payroll adjustments. Meanwhile, personal spending rose healthily for the second consecutive month in May.

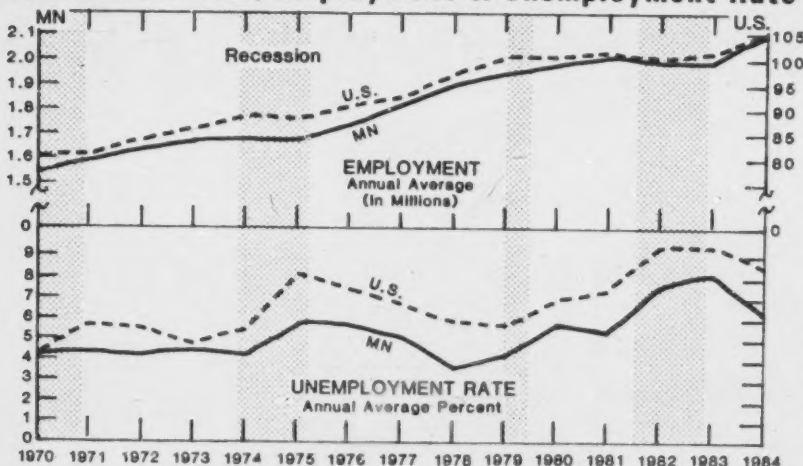
State

Although the unemployment rate has been dropping, primarily due to a shrinking labor force, the Minnesota economy appears to have weakened since the beginning of the year. Total employment has been declining and some key nonfarm industries have shown declines in recent months.

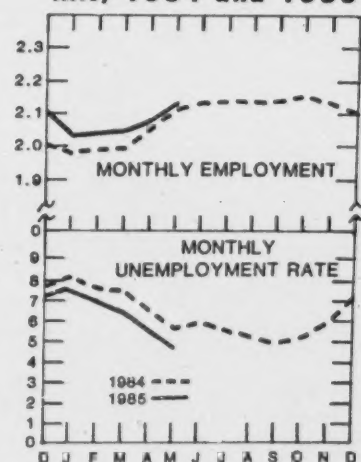
Minnesota's seasonally adjusted unemployment rate fell 0.4 of a percentage point to 5.0 percent in May, down from 6.1 percent a year ago and the lowest since the 3.9 percent in September of 1979. The adjusted rate has fallen steadily since the 6.6 percent in December 1984. On the other hand, seasonally adjusted total employment has also been dropping in recent months, by 6,900 in May and 16,400 in April. Although seasonally adjusted nonfarm payroll employment rose by 4,400 in May, largely because of gains of 2,400 in services and 1,700 in government, employment in durable goods manufacturing fell for the third consecutive month in May while construction employment decreased for the second straight month. Also, employment in trade, particularly in wholesale trade has shown reductions in three of the past four months. Manufacturing employment, after reaching a recent high in February, is now slightly below the level of last August. The recent highs for construction and trade were in March and January, respectively. The largest declines in durable goods manufacturing over the past three months were in office computing equipment, electrical equipment, stone, clay and glass, and transportation equipment.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	May 1985	Change From		May 1985	Change From	
		Last Mo.	Year Ago		Last Mo.	Year Ago
Civilian Labor Force	2232.8	14.7	-2.2	114.9	0.6	1.6
Employed	2126.0	34.4	21.4	106.9	0.7	1.8
Unemployed	106.8	-19.7	-23.6	8.0	-0.1	-0.2
Unemployment Rate						
Actual	4.8	-0.9	-1.0	7.0	-0.1	-0.2
Seasonally Adjusted	5.0	-0.4	-1.1	7.3	0.0	-0.2

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	May 1985	Apr. 1985	May 1984	Apr. 1985	May 1984	May 1985	Apr. 1985	May 1985	Apr. 1985	May 1985	Apr. 1985
TOTAL NONAGRICULTURAL	1893.5	1864.4	1829.3	1.6	3.5						
MANUFACTURING	376.4	375.0	370.1	0.4	1.7	397.98	399.59	10.05	10.04	39.6	39.8
Durable Goods	228.0	227.1	225.3	0.4	1.2	412.50	412.29	10.16	10.13	40.6	40.7
Furniture, Lumber and Wood	17.6	16.9	16.3	3.8	7.7	455.10	453.17	11.10	11.08	41.0	40.9
Stone, Clay and Glass	8.9	8.0	8.9	11.3	-0.4	376.32	363.56	10.31	10.27	36.5	35.4
Primary Metals	6.0	5.9	6.5	1.3	-7.1	381.10	399.31	9.25	9.44	41.2	42.3
Fabricated Metals	35.2	35.4	34.8	-0.5	1.2	442.00	439.82	10.86	10.78	40.7	40.8
Nonelectrical Machinery	94.1	94.8	91.1	-0.7	3.3	434.19	437.78	10.59	10.60	41.0	41.3
Electrical Machinery	27.3	27.3	27.7	-0.1	-1.6	313.23	319.19	7.87	7.94	39.8	40.2
Transportation Equipment	6.8	6.9	7.0	-0.8	-3.0	514.21	501.34	11.66	11.42	44.1	43.9
Other Durable Goods ^{2/}	32.1	31.9	33.0	0.7	-2.6	388.49	383.25	9.64	9.51	40.3	40.3
Nondurable Goods	148.4	148.0	144.9	0.3	2.5	380.16	380.54	9.90	9.91	38.4	38.4
Food and Kindred	44.5	44.0	43.7	1.0	1.8	326.48	324.49	8.66	8.63	37.7	37.6
Textile and Apparel	4.5	4.6	5.1	-1.3	-10.8	229.60	222.95	6.36	6.37	36.1	35.0
Paper and Allied	33.8	33.5	33.5	0.7	0.9	491.31	498.53	11.67	11.73	42.1	42.5
Printing and Publishing	42.1	42.2	39.3	-0.2	7.0	376.92	377.61	10.47	10.46	36.0	36.1
Chemical and Petroleum	10.0	10.0	9.9	-0.3	0.9	442.18	440.35	11.11	11.12	39.8	39.6
Rubber and Leather	13.6	13.6	13.4	-0.5	1.3	320.64	320.44	8.35	8.28	38.4	38.7
NONMANUFACTURING	1517.1	1489.4	1459.2	1.9	4.0						
Mining and Quarrying	10.0	9.8	10.7	2.2	-6.6	518.76	514.80	13.10	13.20	39.6	39.0
Metal Mining	7.8	8.0	8.6	-2.6	-9.0	542.19	538.23	14.01	13.98	38.7	38.5
Construction	74.4	65.7	67.5	13.1	10.2	564.29	605.18	15.46	15.76	36.5	38.4
Building	20.1	18.6	18.9	7.9	6.1	540.20	553.77	14.60	14.65	37.0	37.8
Highway and Heavy	13.4	8.6	11.9	55.3	12.2	469.14	534.66	13.29	13.40	35.3	39.9
Special Trades	40.9	38.5	36.6	6.2	11.6	607.19	647.81	16.59	16.87	36.6	38.4
Transportation	64.8	63.8	62.6	1.6	3.5						
Railroads	9.8	9.7	10.8	1.0	-8.9						
Trucking and Warehousing	26.9	26.5	25.3	1.4	6.3	388.74	389.30	11.40	11.45	34.1	34.0
Public Utilities	34.9	34.8	34.7	0.5	0.5	539.46	539.74	13.32	13.36	40.5	40.4
Communications	20.3	20.2	20.4	0.9	-0.2	504.70	505.11	12.25	12.26	41.2	41.2
Elec., Gas and Sanitary	14.6	14.6	14.4	-0.1	1.5	581.61	579.97	14.65	14.72	39.7	39.4
Trade	477.6	469.6	457.3	1.7	4.4	223.73	221.34	7.61	7.58	29.4	29.2
Retail	358.4	351.7	340.8	1.9	5.2	178.59	176.46	6.59	6.56	27.1	26.9
General Merchandise	50.4	49.4	46.1	2.0	9.2	168.21	164.90	6.30	6.27	26.7	26.3
Food Stores	47.0	46.4	46.3	1.3	1.6	196.79	190.18	7.13	7.07	27.6	26.9
Automotive	39.4	38.9	37.0	1.4	6.6	332.51	329.36	9.16	8.95	36.3	36.8
Eating and Drinking	126.1	122.6	118.8	2.9	6.2	101.68	100.96	4.58	4.61	22.2	21.9
Wholesale	119.2	117.9	116.6	1.1	2.3	382.50	376.19	10.20	10.14	37.5	37.1
F.I.R.E.	109.5	108.5	105.9	1.0	3.5						
Finance	50.9	50.8	50.0	0.2	1.8						
Insurance	39.6	39.2	38.0	0.9	4.1						
Real Estate	19.1	18.5	17.8	3.3	6.9						
Service Industries	440.7	435.3	419.7	1.2	5.0						
Hotel and Lodging	23.5	22.1	22.2	6.3	5.9						
Business Services	81.8	80.3	73.0	1.8	12.1						
Health Services	137.6	137.0	134.8	0.4	2.0						
Private Education	24.7	25.0	24.7	-1.1	0.2						
Soc. Serv., Museums etc.	92.6	92.2	89.2	0.4	3.7						
Government	305.2	301.9	300.7	1.1	1.5						
Federal	31.4	31.2	30.5	0.8	3.1						
State	77.7	76.4	76.2	1.7	2.0						
Local	196.0	194.3	194.0	0.9	1.0						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, MSAs, and Counties

Area or County	May 1985, Prelim.				Area or County	May 1985, Prelim.			
	Labor ¹ / Force	Unemp.	Unemp. Rate			Labor ¹ / Force	Unemp.	Unemp. Rate	
				Year Ago					Year Ago
State of Minnesota	2232783	106783	4.8	5.8	Houston	10463	433	4.1	5.3
Metropolitan Areas					Hubbard	5938	501	8.4	11.1
Duluth/Superior MSA	101132	8040	8.0	10.1	Itasca	16710	1767	10.6	11.8
St. Louis County	83953	6565	7.8	10.2	Jackson	8566	302	3.5	4.5
City of Duluth	34189	2335	6.8	9.3	Kanabec	5834	578	9.9	9.8
Douglas County (Wisc.)	17179	1475	8.6	9.3	Kandiyohi	19109	1048	5.5	6.2
Fargo/Moorhead MSA	80581	2900	3.6	3.8	Kittson	3363	207	6.2	9.1
Cass County (N. Dakota)	51765	1687	3.3	2.7	Koochiching	7759	1049	13.5	10.6
Clay County	28816	1213	4.2	5.7	Lac Qui Parle	5954	269	4.5	5.4
Mpls./St. Paul-MN-WI MSA	1265337	48167	3.8	4.5	Lake	4600	461	10.0	15.6
Anoka County	118267	4935	4.2	4.8	Lake of the Woods	1874	128	6.8	9.2
Carver County	21957	667	3.0	4.3	Le Sueur	12226	941	7.7	8.8
Chisago County	15701	813	5.2	5.7	Lincoln	4099	193	4.7	6.2
Dakota County	118249	4596	3.9	4.0	Lyon	15857	582	3.7	5.4
Hennepin County	551888	19973	3.6	4.4	McLeod	17053	808	4.7	5.9
City of Bloomington	47984	1677	3.5	4.3	Mahnomen	2933	261	8.9	10.8
City of Minneapolis	213164	8292	3.9	4.8	Marshall	6302	631	10.0	13.1
Isanti County	14201	894	6.3	4.7	Martin	14115	636	4.5	5.7
Ramsey County	269249	10326	3.8	4.7	Meeker	10575	639	6.0	10.5
City of St. Paul	156852	6765	4.3	5.2	Mille Lacs	9454	675	7.1	8.1
St. Croix County (Wisc.)	25697	1173	4.6	4.2	Morrison	13428	1030	7.7	8.9
Scott County	26438	1028	3.9	4.2	Mower	18635	897	4.8	6.3
Washington County	68411	2210	3.2	3.9	Murray	6304	328	5.2	6.7
Wright County	35279	1552	4.4	5.1	Nicollet	15060	640	4.2	4.4
Rochester MSA-Olmsted Cty.	62120	2154	3.5	4.3	Nobles	12087	555	4.6	5.8
St. Cloud MSA	81188	5161	6.4	6.8	Norman	4812	260	5.4	6.3
Benton County	12545	788	6.3	6.5	Otter Tail	25442	1782	7.0	8.7
Sherburne County	15260	938	6.1	6.5	Pennington	6122	449	7.3	8.8
Stearns County	53383	3435	6.4	7.0	Pine	9923	829	8.4	10.2
Counties					Pipestone	6007	281	4.7	4.5
Aitkin	5252	720	13.7	15.3	Polk	16873	1196	7.1	9.2
Becker	12508	1018	8.1	11.7	Pope	5778	280	4.8	6.3
Beltrami	16800	1102	6.6	8.2	Red Lake	2228	252	11.3	14.3
Big Stone	3999	217	5.4	6.6	Redwood	11202	604	5.4	5.0
Blue Earth	28499	1123	3.9	4.6	Renville	12154	885	7.3	8.1
Brown	14958	723	4.8	5.9	Rice	23708	1465	6.2	6.9
Carlton	11445	969	8.5	11.6	Rock	5948	191	3.2	3.1
Cass	10953	812	7.4	9.1	Roseau	6450	409	6.3	9.6
Chippewa	7708	474	6.1	5.8	Sibley	8551	476	5.6	6.9
Clearwater	4095	516	12.6	17.5	Steele	16802	778	4.6	5.8
Cook	2230	191	8.6	11.1	Stevens	5978	206	3.4	4.5
Cottonwood	7537	317	4.2	5.3	Swift	6478	491	7.6	9.3
Crow Wing	18221	1378	7.6	8.8	Todd	11637	740	6.4	7.4
Dodge	8861	459	5.2	7.7	Traverse	2932	112	3.8	5.1
Douglas	14278	816	5.7	6.3	Wabasha	9948	575	5.8	7.8
Faribault	10784	456	4.2	5.8	Wadena	5569	360	6.5	8.0
Fillmore	13105	688	5.2	6.4	Waseca	9248	389	4.2	4.9
Freeborn	17759	940	5.3	8.8	Watsonwan	6624	264	4.0	6.9
Goodhue	20563	1013	4.9	5.7	Wilkin	4352	173	4.0	6.0
Grant	3733	163	4.4	5.6	Winona	22743	1241	5.5	7.8
					Yellow Medicine	7971	354	4.4	5.5

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and MSA areas. County and area unemployment was multiplied by an adjustment factor of 1.25; employment was multiplied by 1.00. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

Labor force is the sum of employment and unemployment; therefore, employment can be derived by subtracting unemployment from the labor force.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

Claimants for unemployment benefits dropped by 15,635 or 31.6 percent in May as all of the industry sectors showed over-the-month declines. The May percentage drop for all claimants (31.9 percent) compared with an average decrease of 25.9 percent for May over the past seven years. Also, all industry sectors experienced larger than average declines for May. Moreover, seasonally adjusted data show that total claimants fell for the fourth consecutive month in May. However, on an over-the-year basis, claimants rose by 4,114 or 13.8 percent in May. The over-the-year gain in May was the sixth in a row and was concentrated almost exclusively in the manufacturing sector. Also, seasonally adjusted figures show that claimants in manufacturing have risen almost steadily since September 1984.

Table 1. Distribution of Insured Unemployed, By Age and Sex, May 1985

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	33889	67.7	100.0	100.0
Under 45	25734	68.5	76.8	74.1
Under 25	5592	67.1	16.3	16.8
25-34	12652	70.3	38.8	34.4
35-44	7490	66.6	21.7	22.9
45 and Over	8155	65.2	23.2	25.9
45-54	4585	64.1	12.8	15.0
55 and Over	3570	66.7	10.4	10.9

Table 2. Distribution of Insured Unemployed By Industry and Occupation, May 1985

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term Unemployed ^{1/}	Women as Percent of Total
Total, All Industries	33889	100.0	27.4	32.5
Ag., For., Fish.	319	0.9	31.1	21.4
Mining	397	1.2	50.7	9.2
Construction	5820	17.2	31.8	4.2
Manufacturing	12813	37.8	25.9	34.4
Pub. Utilities	1622	4.8	27.8	19.5
Wholesale Trade	2566	7.6	29.0	25.8
Retail Trade	3642	10.7	28.7	43.2
Fin., Ins., Real Est.	904	2.7	29.9	59.2
Services	4950	14.6	22.6	57.1
Public Admin.	467	1.4	30.5	39.0
Inf. Not Available	389	1.1	4.4	35.8
Total, All Occupations	33889	100.0	27.4	32.5
Prof., Tech., Mgr.	4432	13.1	26.4	39.6
Clerical	3567	10.5	25.3	80.5
Sales	1330	3.9	28.0	34.5
Services	2165	6.4	24.4	56.4
Farm., For., Fish. Processing	313	0.9	20.9	8.3
Machine Trades	1835	5.4	23.4	44.0
Benchwork	2844	8.4	25.6	15.6
Structural Work	4183	12.4	29.0	52.2
Misc.	7365	21.7	28.8	2.9
Inf. Not Available	5551	16.4	30.1	16.4
	304	0.9	12.9	29.0

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 3. Experienced Supply/Job Openings Demand ^{1/}

Occupation	Applicants (Supply) May 1985	Job Openings (Demand) May 1985	Supply/Demand Ratio	
			May 1985	May 1984
Total	131574	15723	8.4	8.1
Prof., Tech., Mgr.	14310	1943	7.4	8.2
Clerical	22165	3229	6.9	7.6
Sales	6335	1707	3.7	2.7
Dom. Services	2123	194	10.9	9.8
Other Services	21225	4589	4.6	5.3
Farm., Fish., For.	4135	259	16.0	16.7
Processing	2549	691	3.7	4.4
Machine Trades	8436	488	17.3	8.6
Benchwork	9336	908	10.3	7.7
Structural Work	17722	784	22.6	18.6
Mtr. Frght., Trans.	5544	402	13.8	11.4
Pkg. & Mat. Hndlg.	16400	458	35.8	18.4
Other	1294	71	18.2	40.3

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

REVIEW OF LABOR AND ECONOMIC CONDITIONS

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MINNESOTA DEPARTMENT OF ECONOMIC SECURITY

RESEARCH AND STATISTICAL SERVICES OFFICE

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The Review of Labor and Economic Conditions is published quarterly by the Research and Statistical Services Office of the Minnesota Department of Economic Security, 390 North Robert Street, St. Paul, MN, 55101, in cooperation with the United States Department of Labor, Bureau of Labor Statistics, and the Employment and Training Administration. Current Minnesota Labor Market Conditions is published in the eight months for which no Review appears. Subscriptions and single copies are available without charge and may be obtained by writing to the editor.

Manuscripts of articles are welcomed and should be submitted to the Editor. Articles on labor market conditions and the economic welfare of Minnesota workers are preferred, but subjects which can be shown to be closely related to general economic conditions within the State will also be considered. Articles should be submitted complete with tables and graphs. Length generally should not exceed the equivalent of ten single-spaced typewritten pages, including graphs, references, and notes.

All signed articles appearing in this publication together with the Editorial Comment represent the views of the author or editor and not necessarily those of the Department. Questions or comments to the authors may be directed to the Research and Statistics Office of the Minnesota Department of Economic Security, 390 N. Robert Street, St. Paul, Minnesota, 55101 or (612) 296-6545.

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Editorial Comment

A CHANGE OF GUARDS

by R. Pinola

As with all things, change is inevitable. Effective with this issue of the Review, your editor will be terminating his tour of duty with the Department of Economic Security and taking on a new assignment with the University of Minnesota. After serving 18 years as Research Director for the Department of Economic Security, we felt it was time to return to the academic environment and also explore some new options.

In taking our departure from the Department and the Review, we extend our appreciation to the staff whose interest and cooperation enabled us to bring reliable economic and labor market information to many user groups on a current and regular basis. The fact that staff who put together the Review had other full-time assignments attests to their interest in disseminating data and analysis on a continuing basis to meet the needs of the community. The fact that the information is in a comprehensible form also reflects their dedication to duty. We recall that back in 1968, our Minnesota Economic Conditions publication was a four page tabloid, with little or no analysis. Over the intervening years, we have gradually and systematically expanded the coverage to include not only more data and graphics, but an analysis of labor market issues and problems. Instead of putting old wine in newly labeled bottles, we undertook a revision of the publication in 1976, and changed its name to the Review of Labor and Economic Conditions. Since 1977 we have been producing the current 32 page publication that readers have received on a quarterly basis.

In recent years we have conducted annual readership surveys to elicit your views regarding the content and format of the Review. As a result, we have made changes to reflect reader interest and to improve its readability. In general, however, the Review has remained much the same for the past nine years because you, the readers, found the content and format to your liking. But as we indicated in our opening sentence, change is inevitable and recent developments in funding the development and dissemination of labor market information necessitated a re-examination of our mission.

Over the past nine years, the Review has been primarily directed to providing national and state data and analysis. We were able to restrict ourselves to this coverage because in 1976 we established a network of Regional labor market information centers whose function was to develop and disseminate localized data to user groups at the area level. With the sharp cut in funding the labor market information system this year, we found it necessary to consider revising and/or expanding the Review and the monthly supplement to include much of the local data that had heretofore been disseminated by our LMI centers. Consequently, we considered restructuring the Review and expanding it to 36 pages, also making similar adjustments to the monthly supplement. However, this is still in the exploration stage. Beginning with the next issue of the Review, readers will find selected local data to complement some of the statewide and national data that we routinely disseminate. We hope that this arrangement will at least partially meet those user needs that were previously met by the LMI Centers.

In bringing this editorial note to a close, we would be remiss if we neglected to mention one of our concerns with the development and dissemination of

economic and labor market information. In this connection, we simply note that there seems to be a general proclivity to treat the development and dissemination of economic and labor market information as a commodity without cost, much like the water we drink. Moreover, since labor market information is largely regarded as a costless commodity, there is a tendency to treat it as an endless conveyor belt of "goodies", readily available to be chosen and picked whenever the desire or need arises. In the latter case, choice is often predicated on one's need to prove a preconceived point or to justify a course of action or policy that has been previously adopted with little or no systematic analysis.

Given this state of affairs, it is not surprising that data often gets emasculated and distorted, thus rendering it suspect. Even well-meaning users frequently jeopardize the value of reliable data by simply using it in the wrong context or failing to recognize the conceptual basis on which the data is developed. More generally, cheap substitutes are employed because the official data does not lend itself to the desired conclusions. Such practices offer charlatans a golden opportunity to ply their wares, which are bought and used by those who have peculiar axes to grind. In the end, the policy decisions and programs end up as a "mish-mash" of good intentions, never capable of addressing the real issues or problems. Unless data systems and analysis are adequately supported, and carefully used for policy formulation, it is futile to expect decision making in the public arena to evidence much improvement.

Postscript: We were recently advised that the Review of Labor and Economic Conditions was awarded first prize for the best quarterly publication on LMI among all fifty states. This prize is awarded by the Interstate Conference of Employment Security Agencies. We are, of course, delighted to have this honor bestowed upon us. The award is testimony to the creativity and dedication of staff, without whose assistance the Review simply would not get published.

Research Summaries

YOUNG MINNESOTANS' CAREER GOALS

by B. Steuernagel

People are fascinated by the future. Books on emerging careers and trends in the economy, politics, and social life are in strong demand. It is also interesting to study what people think their future will be like. This Research Summary reports on the results of the Minnesota Youth Poll conducted in 1984 concerning student career goals and plans.

In the spring of 1984, the University of Minnesota's Center for Youth Development and Research conducted a survey of approximately 725 Minnesota high school students from urban, suburban, and rural schools or alternative programs. The survey was not a random sample of youth, but the schools selected were geographically representative; half in the Twin Cities metropolitan area and half in the rest of the State.

Students were asked to describe the kind of work they expected to be doing when they were 30 years old. The question is a difficult one, and there is a great deal of uncertainty and shifting of career plans during the teen years. In fact a study by Cooley and Lohnes^{1/} in 1966 found that as many as 70 percent of students change their minds about what career they want during a school year. In spite of this, it is interesting to compare career aspirations of male and female teenagers and contrast them to the actual occupational employment distribution of 30-34 year olds in 1980.

Comparison of Teenage Occupational Goals and Actual Employment Distribution of 30-34 Year Old Minnesotans

	MALE		FEMALE	
	1980 Census	Goal	1980 Census	Goal
Professional, exc.				
performing arts	14.4	30.0	18.9	51.1
Performing Arts	1.5	8.0	1.5	12.0
Manager, Administrator	16.4	13.0	8.8	8.0
Office or Clerical	6.0	1.0	31.2	7.0
Sales Clerk	2.1	1.0	4.7	0.0
Sales Rep. or Supvr.	7.3	3.0	3.3	2.0
Protective Service	1.7	9.0	0.2	1.0
Laborer, Service	8.1	0.0	17.1	7.0
Technical, Skilled Craft	24.2	25.0	6.6	4.0
Semiskilled	14.0	1.0	7.1	0.0
Farm owner, manager	4.3	4.0	0.7	1.0
Military	- -	1.0	- -	- -
Homemaker	- -	- -	- -	2.0
Don't know		4.0		6.0

Source: Minnesota Youth Poll: Aspirations, Future Plans, and Expectations of Young People in Minnesota, Minnesota Report AD-MR-2512, Agriculture Experiment Station, University of Minnesota, 1985. 1980 Detailed Populations Characteristics: Minnesota, Table 221, Census Bureau, U.S. Department of Commerce

^{1/} "Functions and designs for a computer-measurement system for guidance", (Paper presented at the American Personnel and Guidance Association National Convention, Washington, D.C., April 1966), Cooley, W., and Lohnes, P.

According to the study, girls have both higher and lower career aspirations than boys. About 63 percent of teenage women said they wanted to be working in a professional career compared to 38 percent of teenage boys. On the other hand 7 percent of the young women stated that they wanted to work in a laborer or service job compared to no young men. Females were less stereotyped than men in their responses than males. About 93% of the males chose typical male occupations while 43% of the females chose typical female jobs, 46 percent chose typical male jobs, and 11 percent chose neutral categories. This choice of less stereotyped jobs is also evidenced when one compares female goals to the 1980 Census occupational employment distribution found in the table. In 1980, 20.4 percent of 30-34 year old females in Minnesota worked in professional careers, significantly less than the 63 percent of teenagers who aspire to these careers when they are 30 years old.

Most teenagers had jobs already. These are predominantly in the service sector in such areas as food service, grocery stores, cleaning service. According to the poll, more than half of the students indicated that the jobs held as teenagers had little positive influence on their future career plans. Since most of the jobs held by students are low-paying and low-skills jobs, it is not surprising that the majority of students do not see any influence of those jobs when they aspire to loftier ones. However, about one-fourth of the students saw current jobs as having a positive impact in that they have learned basic work skills such as being responsible, punctual, and getting along with fellow employees. About 20 percent saw current jobs as a way to explore and assess interests and experiment with a variety of work roles. Only 10 percent saw jobs as merely a way to earn money.

Career goals play a significant role in how teenagers define success and future in adult life. Young women defined success more in terms of psychological, philosophical attributes such as happiness or contentment while young men defined success in terms of material possessions.

Young Womens's Definition of Success

1. Happiness/contentment	31%
2. Good job (high status, enjoyable, good pay	24%
3. Money, wealth	23%
4. Happy family life	13%
5. Nice car, house	7%
6. Friends	6%
7. Achieving goals	5%

Young Men's Definition of Success

1. Money, Wealth	26%
2. Nice car, house	15%
3. Good job	13%
4. Happiness, pleasure	13%
5. Happy family life	12%
6. Friends	5%

Failure in adulthood was generally defined by teenagers as the lack of many of the items mentioned above.

Young Women's Definition of Failure

- | | |
|--|-----|
| 1. Unemployed, menial job | 28% |
| 2. No ambition, no trying, giving up | 23% |
| 3. Very poor, not able to support self | 19% |
| 4. Not married, no family | 9% |
| 5. Believing you are a failure | 6% |
| 6. Alcoholic | 5% |
| 7. No friends | 5% |

Young Men's Definition of Failure

- | | |
|---------------------------------------|-----|
| 1. Unemployed, menial job | 22% |
| 2. Very poor, unable to support self | 17% |
| 3. Not married, no family | 16% |
| 4. No ambition, not trying, giving up | 10% |
| 5. Alcoholic | 9% |
| 6. Divorced | 9% |
| 7. No friends | 6% |

According to the study, the responses of both young men and young women indicate a contradiction when it comes to their vision of future work and family roles. The contradiction is perhaps more noticeable in young women's responses. On the one hand, they aspire to high-status, high-paying careers. On the other hand, a majority of young women place high value on the traditional values of marriage and motherhood, including leaving the labor force to raise children. They seem to have simultaneously incorporated the traditional roles of women in society and new values of economic independence and self-actualization without realizing the extent of conflict these attitudes can cause. As for young men, they appear to recognize the significant social changes that have occurred but do not feel strongly affected by them. Rather they feel that life will continue much as it has in terms of education, career preparation, job opportunities and family life.

Both young men and women seem to be unaware of many social and economic trends which may derail their dreams. Almost no young women expressed an awareness of the current realities of high divorce rates, poverty among households headed by women, and the labor market realities for women. Similarly, traditional jobs for men, such as factory and laborer jobs, are undergoing basic structural changes. The challenge for today's society, adolescent and adult, is balancing the role of working adults and responsible partners and/or parents.

The Job Market

THE ELECTRONIC MACHINERY AND EQUIPMENT INDUSTRY

by D. Detrick

Employment in the Electronic Machinery and Equipment Industry has doubled since 1960 in Minnesota. The industry's employment declined moderately during the recession and is expected to grow faster than other durable goods manufacturing industries in the future. This article will examine the composition, employment, occupational staffing patterns, and future outlook for this industry.

The Industry

The Electrical Machinery and Equipment Industry includes establishments which manufacture machinery, apparatus, and supplies for the generation, storage, transmission, transformation, and use of electrical energy. This industry group also includes the manufacture of household appliances.

There are over 340 electrical machinery and equipment establishments in Minnesota. The industry employs 28,000 workers, or 1.5 percent of the State's nonagricultural wage and salary employment. Sixty-two percent of these workers are employed in the Minneapolis-St. Paul nine-county metropolitan area.

Approximately 43 percent of the industry's employees manufacture electronic components and accessories, 17 percent manufacture communication equipment, 11 percent manufacture electrical industrial apparatus, and 10 percent manufacture household appliances. The remaining 19 percent manufacture the following items: miscellaneous electrical machinery, equipment and supplies; electric lighting and wiring equipment; electric transmission and distribution equipment; and radio and television receiving equipment, except communication types.

Occupational Staffing Patterns

Occupational staffing patterns, as shown in Table I, indicate that 85.8 percent of the industry's workers fall into four major occupational groups; namely, machine operators, managers and professionals, clerical workers, and craft workers.

Table I

Occupational Staffing Patterns for the Electrical Machinery & Equipment Industry

Major Occupational Groups	Percent of Industry Employment		
	1980	1982	1990
Managerial and Professional	21.3	21.6	22.6
Technical	6.6	6.7	6.6
Sales	2.4	2.3	2.0
Clerical	15.6	15.6	15.5
Service	2.1	2.0	2.0
Farming	0.1	0.1	0.1
Craft	14.2	14.3	14.3
Machine Operators	34.7	34.3	33.9
Laborers	3.1	3.0	3.0

Machine operators represent over one third of the workers in the Electrical Machinery and Equipment Industry. During the recession the number of machine operators fell by 4 percent, slightly more than the industry decline of 2.9 percent. The employment of machine operators is expected to rise by about 21 percent between 1982 and 1990. This rate of growth is a little less than the 22.1 percent increase predicted for the industry. Significant machine operator occupations include assemblers (45 percent), machine operators, not specified (11 percent), production inspectors, checkers and examiners (8 percent), and welders and cutters (6 percent).

The second largest major occupational group, managerial and professional workers, contributes 22 percent of the industry's total employment. The proportion of managers and professionals is expected to increase by 1990, with the employment of these workers projected to rise by nearly 28 percent between 1982 and 1990. Over half of the managers and professionals are in the following occupations: managers and administrators not elsewhere classified (30 percent); electrical and electronic engineers (14 percent); and marketing, advertising and public relations managers (10 percent).

Both clerical workers and craft workers are expected to maintain their share of industry employment through 1990. Between 1982 and 1990, clerical workers are projected to increase by 20.9 percent, and craft workers by 21.9 percent. The dominant clerical occupation is secretaries, comprising 26 percent of the industry's clerical workers. Among the craft workers, large occupations include production supervisors (32 percent), and electrical and electronic equipment assemblers (18 percent).

Workers in the five remaining occupational groups constitute 14 percent of industry employment. Between 1982 and 1990, the number of laborers is predicted to grow at a faster pace than total industry employment. Sales workers are expected to experience the smallest employment growth in the industry during the same time period, consistent with the declining proportion of sales workers in total industry employment. The only large occupation among the five occupational groups is electrical and electronic technicians. These technicians represent about half of the technical workers' employment.

The Outlook

The outlook for employment in the Electrical Machinery and Equipment Industry is generally good. Between 1980 and 1990, industry employment is expected to grow at one and one half times the rate projected for total State employment.

Employment trends in the industry will mainly depend on technological advances, demand for the industry's products, and foreign competition. Strong demand for industry products will be stimulated by higher consumer incomes, government spending on military electronics, and business investment in new telecommunication services and other electronic components. Products with international markets, such as semiconductors, are likely to experience continued competition from imports. Rapid productivity gains can also be expected to affect employment. Currently, technological advances may be more influential than business cycles in causing employment shifts in the industry.

1/ "Employment in Durable Goods, 1979-1982", Monthly Labor Review, February, 1984.

SUPPLY/DEMAND FOR SPECIFIC OCCUAPTIONS, JULY, 1985^{1/}

by S. Hamper

Minnesota

Shortage Occupations: commissioned sales persons#, food service workers#

Surplus Occupations: entry level managers#, welders#, construction workers#, material handlers#, general laborers#

Central Minnesota

Shortage Occupations: commissioned sales persons#, factory trained auto mechanics#

Surplus Occupations: management trainees, material handlers, laborers#

Minneapolis/St. Paul

Shortage Occupations: commissioned sales persons, registered nurses, secretaries#, retail sales clerks, food service workers#

Surplus Occupations: entry level managers#, electronic technicians, machinists#, electronic assemblers#, welders#, truck drivers, general laborers

Northeastern Minnesota

Shortage Occupations: none

Surplus Occupations entry level managers#, teachers#, social workers#, nurses#, office clerical workers#, typists#, bookkeepers#, sales clerks#, maids#, waiters/waitresses#, food production workers#, machinists#, welders#, auto mechanics#, maintenance mechanics#, carpenters#, bricklayers#, pipefitters#, electricians#, painters#, mining crafts#, laborers: construction, general, and mining#

Northwestern Minnesota

Shortage Occuaptions: commissioned sales persons#, factory trained auto mechanics#

Surplus Occuaptions: office clerical workers#, nurses#, construction workers#, material handlers, janitors#, general laborers#

Southern Minnesota

Shortage Occuaptions: over-the-road truck drivers#, various part-time positions#

Surplus Occuaptions: construction workers#, factory workers#, general laborers#

^{1/} Shortage occupations are those that are difficult to fill or go unfilled due to the lack of qualified applicants. Surplus occupations are those in which the number of qualified applicants greatly exceeds the number of openings.

This occupation has been listed as a shortage or surplus occupation in at least two out of the last three quarters of the Review.

Job Service Applicant Supply and Demand

Table 1 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 1 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work. Readers who desire information on current shortage and surplus conditions for a specific occupation should refer to the Supply/Demand assessments given above.

Table 1. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) July, 1985	Job Openings (Demand) July, 1985	Supply/Demand Ratio	
			July, 1985	July, 1984
Total	108558	17145	6.3	15.7
Prof., Tech., Mgr.	13141	1793	7.3	21.7
Clerical	16558	3281	5.0	16.4
Sales	5633	2033	2.8	6.9
Dom. Services	2452	492	5.0	13.1
Other Services	13349	4405	3.0	9.8
Farm., Fish., For.	10459	673	15.5	44.5
Processing	2171	1465	1.5	6.5
Machine Trades	6709	474	14.2	16.4
Benchwork	7326	510	14.4	20.7
Structural Work	14122	881	16.0	31.0
Mtr. Frght., Trans.	4271	435	9.8	22.0
Pkg. & Mat. Hndlg.	11375	623	18.3	15.1
Other	992	80	12.4	42.4

^{1/} Inexperienced and improperly coded job applicants are not included in this table.

Feature Article

PROBLEMS WITH COMPARING STATE UNEMPLOYMENT INSURANCE LAWS

by J. Berglund

If it were easy to objectively evaluate the Minnesota Unemployment Insurance law with respect to other states, there would have been a lot less public quarreling in the last few years. In one sense, it is inevitable that it is almost impossible to compare one state with another. Within limits established by the federal Social Security Act in 1935, each state has the freedom to establish its own laws on benefit eligibility, amount of compensation, and payroll tax plan. Even states that started out with similar laws can differ substantially after fifty years of revisions. On the other hand, despite the multitude of changes, the basic concepts have remained the same among the states. Benefits are paid only to unemployed workers who have been with a covered employer long enough to earn a certain amount of wage credits, and the benefit amount is related to a worker's usual wages. Most of the state variations in costs to employers are tied to the level of unemployment as well as individual state laws.

This article focuses on the difficulty of evaluating one state law against another, especially in reference to Minnesota. The first problem is the data itself.

Lack of Relevant Data

Almost all data that is available in the UI (Unemployment Insurance) system is a byproduct of administrative records. Because good administration has minimized paperwork, many kinds of data needed to evaluate the impact of the program are not available.

For example, data on personal characteristics of claimants is collected when they register, but the information actually tabulated usually only concerns the benefits paid, number of persons paid, the office taking the claim, and the claimant's industry. At the end of the year, summary reports provide average weekly wage and number of weeks worked. Data on age and sex of recipients is collected from a sample. Before computers, when the records were tabulated by hand, clerical and printing errors occasionally crept in, but now that has been virtually eliminated.

Each quarter, the State Department of Economic Security collects from employers data on their total wages paid, taxable wages paid, and contribution due. Periodically employers are also asked to specify their major activity in order to reconfirm their industry and their location. The only other employer records are the benefits charged, which are used to calculate their tax rate.

But for all the data that exists about claimants, we still do not know much about the effectiveness of the program or how to evaluate it. Without a better means of describing the recipients, anyone is free to draw almost any conclusion about recipients. Some people believe that most of the money goes to marginal workers. Others think most of the money goes to housewives who prefer not to work. Still others think most of the money merely subsidizes seasonal workers during the winter. The fact is that there is not any continuing, systematic procedure to determine whether any of these opinions is accurate. Thus, rather than longitudinal data on individual recipients, we only have counts of claimants, identified by selected characteristics such as age, sex, industry and occupational attachment.

This article was prepared by John Berglund, Research Analyst, Research and Statistics, Department of Economic Security.

Consistency of Employer Data

One would think that it would be relatively easy to collect and summarize a few pieces of data from each employer each quarter, especially with a state law that mandates reporting. Actually, errors occur in several ways. Every quarter, about five percent of firms do not respond on time. These firms are identified and their data is estimated by the Department based on their patterns in previous years. When the late report is received, actual data replaces estimated data.

Even when employers report accurately and timely, coding errors can creep into the Department computer. Efforts are made to detect errors at an early date, but occasionally a large error is not detected until after the data has been published. At this point, it is too late to send corrections to those who have the original data, but in future publications the data is corrected.

When the problems cited above are expanded to include the other forty-nine states and the District of Columbia, it is easy to see how difficult it is to compare data among the several states. Errors published in official sources will often remain uncorrected for several years before corrected data is issued. Making observations and conclusions based upon suspect employer data may lead to erroneous, misinformed, or biased comparisons.

Tax Data Comparability

Comparisons of revenue raising efforts and capabilities are tied to individual employers' data being aggregated and averaged. Unfortunately, uniform standards of tax effort are not imposed upon all states. Each state legislature is free to set employer tax laws within broad Federal minimum standards.

Taxable wage bases are set by the legislatures equal to or above the Federal mandate. Thus, the portion of total wages paid that are subject to taxation vary, based upon wage levels and the taxable wage base. Minnesota has levied taxes on a base above the Federally-mandated tax base since 1966. In 1984, Minnesota was one of 30 jurisdictions that taxed on a wage base above the Federal base of \$7,000 per employee. Thus, comparing taxes collected as a percent of taxable wages among states is akin to comparing apples, oranges, and plums.

Moreover, the method by which tax rates are assigned to employers is a function of the experience-rating system chosen by each state legislature. The number of levels in a tax schedule or schedules, the intervals between those levels, the minimum tax rate and the maximum tax rate in those schedules also affect the revenue collection effort. These vary among states, again because legislatures determine the applicable provisions of the law. The degree to which an individual employer's experience with unemployment is reflected in his tax rate to recover the costs of the system also falls within the scope of each State's legislative arena.

It thus appears that only a broad comparison of taxes collected as a percent of total wages paid might avail as a comparison of taxing effort among the States.

Benefit Data Comparability

Problems of comparing taxing efforts pale when comparing benefit cost outlays. Provisions of the various State laws determining eligibility for benefits, duration of benefits, weekly benefit amounts, minimum and maximum benefit amounts, and specific exclusions including seasonal provisions cloud any efforts at comparison of benefits among States.

Qualifying wages or employment requirements which demonstrate attachment to the labor force take various forms, depending upon each state's law. Some states use multiples of the highest amount earned in a quarter to determine eligibility. Others use weeks of work; still others use a multiple of the individual's weekly benefit amount. Some use a flat earnings amount, and one uses hours of work. Thus, depending upon how much a person earns, over how many weeks, and during how many quarters of a year, the individual might qualify for benefits in some states and not others. Even if employment and wage distributions and unemployment incidence in two states were identical, unless their qualifying requirements were the same, different benefit costs would result.

The number of benefit weeks payable to an individual, the duration of benefits, is also a provision determined by each state. Some states provide for a uniform potential duration for each recipient, while others vary duration depending upon earnings and/or weeks of work during the base period preceding a new claim for benefits. In 1984, 8 states had uniform potential durations for all claimants; the others varied potential duration depending upon the claimants's assumed level of labor force attachment. Only three states had a maximum potential duration greater than 26 weeks in 1984, while minimum potential durations varied from 1 week to 26 weeks. Minnesota had a minimum duration of 11 weeks and a maximum of 26 weeks. Potential duration for each claimant, and the actual number of weeks collected thus affect benefit cost comparisons.

Provisions in state laws on maximum, minimum, and individual weekly benefit amounts further complicate comparison. An individual claimant's earnings, which determine the weekly benefit amount, will produce a different weekly benefit depending upon the state in which the claim is filed. Depending upon the distribution of claimants in a state, by industry and earnings, the maximum weekly benefit amount payable, the benefit formula, and the presence or absence of dependent allowances, benefit liability differences can be substantial.

Consistency of Benefit Data

Depending upon the summaries used, it is possible to have regular benefit data that includes or excludes benefits paid to claimants from reimbursable employers, who, rather than paying taxes, are billed on a "pay-as-you-go" arrangement. Also possibly included or excluded would be payments under the Federal-State extended benefit program, which is triggered in on a state-by-state basis depending on the unemployment rate. Other data which may or may not be included are the Federal unemployment programs for civilian and military employees that are operated by states but do not affect solvency.

Unless the data from the publications are carefully examined for consistency with regard to benefit outlays, an analyst comparing benefit costs among the states would be open to misinterpret differences among the states. Not aiding analysis of benefit cost differences is the different series developed over the years that contain uncomparable data.

Breaks in the data series, erroneous data, and differing state laws all render benefit cost data difficult to compare.

When comparing benefit costs as a percentage of total wages, for example, one must stipulate whether the wages are only those of taxable employers, or include reimbursable employers, and whether Federal employers are included or excluded. Also, are the benefit costs only under the regular UI program, including reimbursable employers, interstate claims for which the state is liable, or does the cost figure also include extended benefits and/or emergency extended benefit costs, and/or Federal employee benefit costs?

Can Minnesota Be Compared With Other States?

With all the problems involved in data comparability mentioned above, it is readily apparent that comparisons are difficult. Still, one must often make comparisons based on comparable data among states for policy decisions. Any comparison has its shortcomings, but one popular method ranks states from highest to lowest according to some particular measure. In addition to the available UI operations data, additional factors considered are differences in economic structure and state benefit accessibility laws. A brief discussion of each of these illustrate pitfalls to be avoided when using comparisons for policy decisions.

The Problem With Ranking States

One way of making comparisons with shaky data is to rank items from highest to lowest. With some attributes or measures, this is especially appropriate if the resultant distribution produces a middle score near the national average. This is not usually the case with measures of unemployment insurance. When States are ranked by average wages, Minnesota is in the top third (seventeenth at \$328.57) even though it is one percent below the national average (\$332.00). Consequently, one can argue that Minnesota wages are either above or below average. The middle state, with a rank of 26th, is Arizona with wages averaging under \$317.00.

Another problem with ranking is that small numeric differences can cause big differences in rank. Using 1983 average weekly earnings again, only a ten dollar difference exists between the States ranked 18th and 26th. Ten dollars represents about three percent of the national average.

Thus, a state's rank may not tell the full story, and one should be cautious when making judgements solely on that basis.

Benefit Accessibility

The single largest noneconomic factor affecting the program's cost is the average wage replacement rate. Most states specify that the weekly benefit amount will be fifty percent, or slightly higher, of the claimant's average weekly wage up to a maximum amount. The maximum is the critical factor. If the maximum is set at two-thirds of the average wage, about 30 percent of the claimants will not receive a benefit of about half of their wage level. If the maximum is set lower, fewer claimants will receive half of their wages.

Prior to the inflationary 1970's, maximums set by law were not much of a problem, because legislatures could examine and perhaps raise the maximum amount nominally every few years. But when inflation grew by over five percent a year, some states responded with automatic, quick increases in the maximum which were usually set between 50% and 66 2/3% of the average wage. In 1975, the Minnesota legislature joined about two-thirds of the states, approving an automatic escalation of the maximum according to the escalation in wages.

Economic Conditions In Minnesota

Two variables to be considered in evaluating States are the type of economy and the level of economic activity. Historically, Minnesota has had relatively healthy growth (except for seasonal swings) with lower than average unemployment. The 1950 census shows that the industry composition of Minnesota was similar to the national average with two exceptions. Minnesota had a significantly higher proportion of agricultural workers, a lower proportion in manufacturing, and therefore, a smaller percentage of unemployed covered by UI than nationally. Minnesota's low unemployment rate further contributed to the relatively smaller percentage of persons collecting UI benefits than nationally.

By 1960, national declines in agriculture and mining employment were compensated for by growth in other industries. Total employment matched labor force growth, keeping the unemployment rate about the same. In Minnesota, manufacturing was the only industry to grow faster than the national average, and the unemployment rate rose in response to the sluggish economy. However, the State's unemployment rate did not exceed the nation's due to out-migration.

During the decade of the 1960's, Minnesota's population and employment growth kept pace with that of the Nation. The major difference was Minnesota's faster growth in computer manufacturing. By 1970 as the state's larger manufacturing base became increasingly susceptible to economic swings, the unemployment rate began to behave more like the Nation's.

In the 1970's, the working age population grew substantially as the baby boom of the 1950's reached adulthood. Overall, the State's employment structure roughly paralleled that of the nation. While agricultural employment was steady at best, the computer manufacturing industry provided the base for a healthy gain in manufacturing. By 1980, however, the whole economy was weakening and unemployment was rising. Still, the Minnesota unemployment rate increased less than nationally because of higher gains in state employment.

Using the monthly labor force series, there has never been a five-year period (or even one year) in which the Minnesota's unemployment rate exceeded the national average. This produced Minnesota's traditionally low unemployment cost rates. Recently, the cost of insuring unemployment has been above average. (See Table 1.)

TABLE 1

	Total Unemployment Rate ^{1/}		Benefit Cost Rate ^{2/}	
	MN	US	MN	US
1950-1954	NC	4.0%	.74%	1.00%
1955-1959	NC	5.0%	1.06%	1.20%
1960-1964	NC	5.7%	1.10%	1.33%
1965-1969	NC	3.8%	.47%	.67%
1970-1974	4.3%	5.4%	.88%	1.02%
1975-1979	5.0%	7.0%	1.14%	1.29%
1980-1984	6.7%	8.3%	1.40%	1.33%

NC Comparable data not available due to change in methodology for developing estimates of unemployment.

^{1/} Estimated by Bureau of Labor Statistics, U.S. Dept. of labor.

^{2/} Regular benefits paid expressed as a percent of total wages paid for the comparable time period and geographical area, excluding reimbursable benefits and wages. Published in Handbook of Financial Data by the Employment and Training Administration, U.S. Dept. of Labor.

TABLE 2

	Benefit Cost Rate ^{1/}	Compensable Unemployment Rate ^{2/}	Wage Replacement Rate ^{3/}
1976	1.27%	3.00%	42.3%
1977	1.07%	2.51%	42.5%
1978	.79%	1.79%	43.9%
1979	.75%	1.70%	44.2%
1980	1.27%	2.77%	45.8%
1981	1.16%	2.59%	44.6%
1982	1.67%	3.75%	44.4%
1983	1.25%	2.91%	42.8%
1984	.85%	2.03%	42.0%

^{1/} Regular benefit covered employment in the twelve-months ending six months earlier. The timing difference recognizes that a benefit recipient had to have earned wage credits in advance of his period of unemployment.

^{2/} Average weekly number of weeks paid under the regular program during the year as a percent of the average number of covered workers during the twelve months ending six months earlier.

^{3/} Regular benefits paid during the year divided by the number of weeks paid under the regular program as a percent of the average weekly wage. The average weekly wage is the total amount of benefits paid in the twelve months ending six months earlier divided by the corresponding average number of employees divided by 52.

To better understand the rise in the cost rates, the cost rate was split into two components: wage replacement rate (average weekly benefit as a percent of average weekly wage of workers) and compensable unemployment rate (the average number of benefit recipients as a percent of the number of workers) as in Table 2. The table clearly shows the unemployment factor dropping in 1978 and 1979, and then rising during the 1980 recession. Meanwhile, the wage replacement rate rose, mainly because of the higher maximum weekly benefit. Beginning in 1977, an automatic adjustment of the maximum was phased in: 62% in July 1977, 64% in July 1978, and 66 2/3 percent in July 1979. When the reserve fund was exhausted, a partial freeze was enacted by the legislature which limited the yearly increase in the maximum benefit to \$7.00 in 1982, 1983, and 1984. The effect of this on wage replacement is shown in Table 2. Meanwhile, the economic recovery that began in 1983 has been stronger in Minnesota than nationally. But because many other states have also frozen their maximum weekly payments, the national cost rate will level, making it harder to achieve low cost rates in the future even though unemployment is below average.

APPENDIX

SOURCES OF PUBLISHED DATA

Comparison of State Unemployment Insurance Laws
Unemployment Insurance Service
Department of Labor,
Washington, D.C. 20213

Contains explanations of standard terminology and practices. Also indicates which States have variances from the most common. Many tables are provided which show the various legal provisions applicable in each state. No operational statistics. Updated annually by replacement pages.

Handbook of U.I. Financial Data
Unemployment Insurance Service
Department of Labor
Washington, D.C. 20213

Contains annual statistics for each state on covered employment, total wages paid, total taxable wages, benefits paid, contributions collected, number of recipients, number of recipients that exhaust entitlement, and selected ratios of these measures. Last book has data through 1982. Annual supplements are available about 18 months after the end of the year.

Quarterly Unemployment Insurance
Compilation and Characteristics
Unemployment Insurance Service
Department of Labor
Washington, D.C. 20213

Contains quarterly data by state number of claimants, benefits paid, trust fund balance, latest unemployment rate. Also contains each state's rank for about forty different ratios. Published about 3 months after the quarter.

Employment and Wages
Bureau of Labor Statistics
Department of Labor
Washington, D.C. 20213

Contains annual data by state by four-digit Standard Industrial Classification of covered employment, total wages and reporting units. Published about 18 months after the year's end.

Employment and Earnings
Bureau of Labor Statistics
Department of Labor
Washington, D.C. 20213

Although primarily a monthly report of national employment and unemployment developments, it also contains unemployment rates for each state and metropolitan area, employees on nonagricultural payroll by major industry for each state and metropolitan area, and average hours and earnings of production workers in manufacturing for each state and metropolitan area.

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMIES IN THE SECOND QUARTER

by B. Boyle

Nation

Although the recent report on real gross national product showed some improvement in the Nation's economy in the second quarter, the economy was still growing at a very slow rate. Moreover, monthly data for July suggest that there will be only modest growth in the third quarter.

Except for the unemployment rate (seasonally adjusted) which remained at 7.3 percent for the sixth consecutive month in July, labor market conditions were less buoyant in the second quarter. Seasonally adjusted nonfarm payroll employment rose by 540,000 in the second quarter after an increase of 820,000 in the first quarter and even larger gains in previous quarters. The slower growth in payroll employment in the second quarter was the result of continued declines in manufacturing and slower growth in retail trade and services. Manufacturing employment, especially in durable goods, fell by 126,000 in the second quarter after a drop of 77,000 in the first quarter. On an optimistic note, however, employment in manufacturing fell by only 7,000, as nondurable goods employment rose by 13,000 while jobs in the durable goods sector dropped by 20,000.

Developments in other indicators in July and the second quarter also were signs of a sluggish economy. Industrial production continued to grow at the same slow 0.2 percent monthly rate that has persisted since January, while retail sales rose a modest 0.4 percent in July after declines in the two previous months. Meanwhile, both personal income and personal consumption expenditures rose at rates of 0.4 percent in June and July, somewhat slower than earlier in the year but not altogether as poor as predicted earlier.

State

The Minnesota economy weakened considerably in the second quarter as total employment continued to decline and nonfarm payroll employment barely rose in the second quarter compared to that in previous quarters. Also, unemployment which fell steadily during the first five months of the year rose significantly between May and July.

After dropping from a recent high of 6.6 percent in December, 1984 to 5.0 percent in May, Minnesota's seasonally adjusted unemployment rate rose by 0.1 of a point in June and by 0.6 of a point in July. UI claimant data show that layoffs in mining and manufacturing caused the rise in unemployment. Also, seasonally adjusted total employment fell by 30,000 in the second quarter after a decline of 18,000 in the first quarter. Moreover, after gains of nearly 12,000 in the first quarter and 22,000 in the fourth quarter, seasonally adjusted nonfarm payroll employment rose by only 1,300 in the second quarter. The very slow growth in payroll employment in the second quarter was due to substantial declines in employment in durable goods manufacturing, trade, and construction, whereas the only industry sector to experience a contraction in the first quarter was manufacturing. The sluggishness in manufacturing that began in February was caused primarily by the downturn in the computer industry. In construction, where employment has been dropping since March, the decreases were largely among special trade contractors. The downturn in trade employment which started in February was concentrated in eating and drinking places and general merchandise stores.

Forecasts

FORECASTS OF GNP & MINNESOTA PAYROLL EMPLOYMENT

By C. Cline

Our forecasts show sustained strong growth over the next eight quarters. Real GNP is forecasted to grow at a 6.96% rate from 1985:2 through 1986:2 and 5.56% from 1986:2 through 1987:2. Total Minnesota Wage and Salary employment is forecasted to grow at rates of 4.65% and 6.77% for the same two periods.

These forecasts are published, as calculated, without judgemental revision. That we leave to the reader. However, many well known forecasts are adjusted after computation. These forecasts show projected rates of growth for real GNP (and by implication, Minnesota employment) substantially lower than those given here. For example, averaging of real GNP forecasts reported by the Conference Board show 3.03% and 3.49% growth for the same two four-quarter periods. Our model forecasts real GNP based on its past values and those of the interest rate on 91 day treasury notes. Thus the recent hefty reductions of interest rate significantly affect our real GNP forecast. Also, trend variables are present in almost all equations and may affect our results perversely at times. For example, if all trend variables are deleted, growth rates for real GNP are reduced by almost a full percentage point in each period and total Minnesota unemployment growth by about 0.5 percentage point over the 1985:2-1986:2 period and 1.5 percentage points over the 1986:2-1987:2 period.

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
Current										
1985:2	1671.60	1886.17	10.05	73.42	377.22	98.98	475.97	109.46	439.08	302.00
Forecasts										
1985:3	1691.33	1905.95	10.96	85.74	390.72	98.75	481.87	111.21	445.64	277.62
1985:4	1722.14	1937.72	9.92	81.19	384.65	101.54	490.91	111.17	454.97	301.67
1986:1	1756.51	1898.43	9.15	61.43	380.30	99.24	476.07	111.64	455.00	302.36
1986:2	1787.92	1973.93	10.54	77.84	389.21	101.96	498.26	114.26	472.94	302.66
1986:3	1818.71	2017.22	10.84	93.22	410.62	103.55	506.58	116.31	480.63	279.56
1986:4	1845.22	2064.15	10.21	88.42	409.16	107.60	519.36	116.50	490.68	302.39
1987:1	1867.19	2025.42	9.61	66.33	407.06	105.14	504.95	117.05	490.34	303.07
1987:2	1887.32	2107.66	10.87	83.88	417.53	108.04	529.70	119.89	511.09	302.97

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of the forecasts among the major industry divisions, especially mining. More information on their accuracy can be obtained from the author on request.

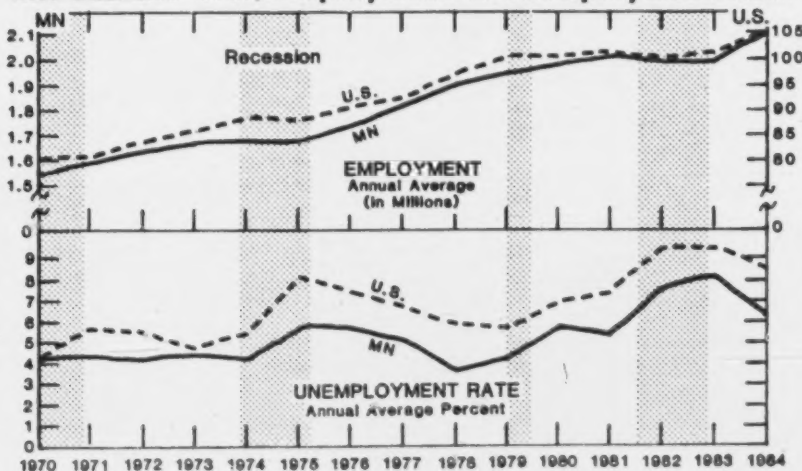
Labor Force Statistics

Labor Force Estimates	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Millions)		
	July 1985	Change From		July 1985	Change From	
		Last Mo.	Year Ago		Last Mo.	Year Ago
Civilian Labor Force	2257.3	-8.7	-9.7	117.5	1.0	1.3
Employed	2136.5	-17.3	-1.0	108.8	1.1	1.4
Unemployed	120.8	8.6	-8.7	8.7	-0.1	-0.1
Unemployment Rate						
Actual	5.4	0.4	-0.3	7.4	-0.1	-0.1
Seasonally Adjusted	5.7	0.6	-0.4	7.3	0.0	-0.2

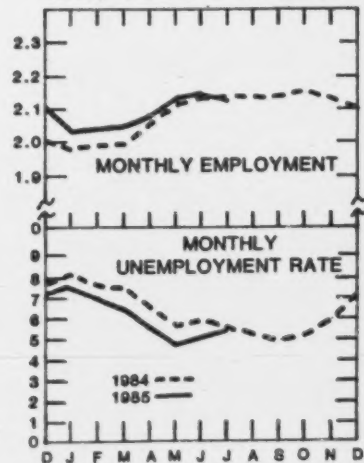
Historical Labor Force Series

Year	Minnesota (Annual Average in Thousands)				United States (Annual Average in Millions)			
	Labor Force	Employment	Unemployment		Labor Force	Employment	Unemployment	
			Number	Rate			Number	Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1664.0	1592.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1704.0	1630.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1766.0	1686.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1769.0	1691.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1790.0	1684.0	106.0	5.9	93.8	85.8	7.9	8.5
1976	1850.0	1740.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1909.0	1811.0	98.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	76.0	3.8	102.3	96.0	6.2	6.1
1979	2039.0	1954.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2111.0	1985.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2154.0	2035.0	119.0	5.5	108.7	100.4	8.3	7.0
1982	2167.0	1998.0	170.0	7.8	110.2	99.5	10.7	9.7
1983	2176.0	1999.0	176.0	8.2	111.6	100.8	10.7	9.6
1984	2229.0	2088.0	141.0	6.3	113.5	105.0	8.5	7.5

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



Labor Market Conditions

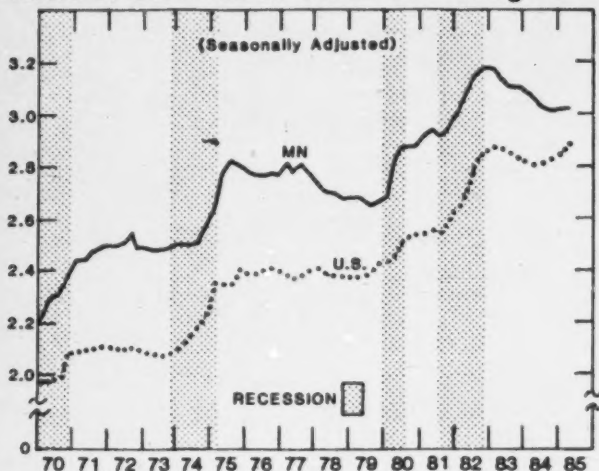
The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry

wage. Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor Force Estimates and by Other Rates of Labor Utilization.

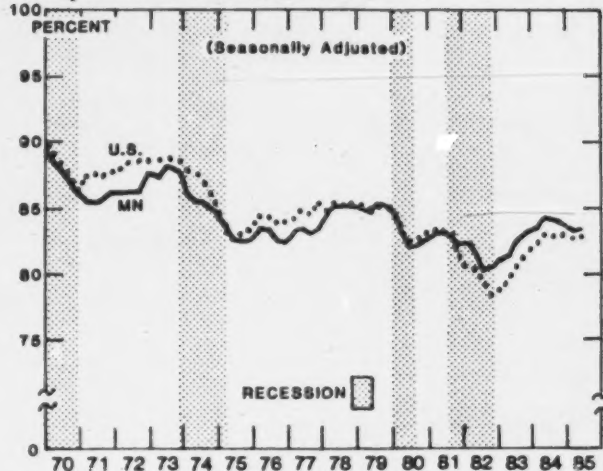
Labor Force & Establishment Data	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Thousands)		
	II QTR. 1985	Percent Change from		II QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
Labor Force Estimates						
Total Labor Force						
Actual	2238.6	2.0	0.0	115262	1.3	1.5
Seasonally Adjusted	2206.4	-1.9	0.02	115176	0.02	1.5
Employment						
Actual	2123.3	4.0	1.1	106958	1.9	1.7
Seasonally Adjusted	2092.8	-1.0	1.1	106758	0.02	1.7
Unemployment						
Actual	115.3	-24.8	-16.5	8305	-6.5	-1.4
Seasonally Adjusted	113.6	-15.2	-16.5	8417	-0.1	-1.3
Unemployment Rates						
Actual	5.2	-25.7	-16.1	7.2	-7.7	-2.7
Seasonally Adjusted	5.1	-15.0	-17.7	7.3	0.0	-2.7
Other Rates of Labor Utilization						
Participation Rt. (Labor Force/Population (16+)	68.8	-2.1	-1.0	64.7	-0.3	0.3
Full Employment Deficit - Percent of Workers ¹ /	1.2	3.0	2.2	3.2	3.8	3.4
Manpower Utilization Rate ² /	83.7	0.4	-0.9	82.8	-0.1	-0.2
Nonagricultural Wage & Salary Positions						
Employment*	1875.7	0.1	3.5	97324	0.7	3.5
Mining	9.1	23.0	-6.2	980	0.4	0.7
Construction	74.1	-1.5	10.3	4648	2.4	7.8
Manufacturing	378.3	-0.7	1.5	19425	-0.7	0.2
Durables	226.8	-1.3	0.9	11581	-0.8	0.8
Nondurables	151.5	0.1	2.4	7844	-0.6	-0.8
Trans., Comm., & Public Utilities	98.9	1.4	2.2	5300	0.6	3.0
Trade	474.4	-0.4	4.1	23118	1.1	5.2
Fin., Ins., & Real Estate	108.9	0.5	3.0	5886	1.3	4.0
Services	436.6	0.5	5.5	21807	1.4	5.7
Government	295.4	0.4	1.3	16160	0.3	1.4
Average Weekly Hours*						
Mining	39.6	0.5	2.1	43.3	0.2	0.0
Construction	37.9	-0.3	2.2	37.6	-0.8	-0.3
Manufacturing	39.9	0.0	-2.0	40.3	-0.2	-1.2
Durables	40.9	0.5	-1.7	41.0	0.0	-1.2
Nondurables	38.5	-1.0	-2.0	39.3	-0.3	-1.3
Trans., Comm., & Public Utilities	37.9	0.8	-1.0	39.5	0.3	0.0
Trade	29.9	0.3	-3.2	32.0	0.0	-0.6
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.5	0.3	0.3
Services	n.a.	n.a.	n.a.	32.8	0.0	0.0
Average Hourly Wage						
Mining	12.99	-0.2	-0.6	11.91	0.2	2.4
Construction	15.42	-2.0	3.4	12.21	-0.6	1.3
Manufacturing	10.07	1.1	3.5	9.49	0.5	3.9
Durables	10.20	1.4	3.9	10.05	0.5	3.6
Nondurables	9.90	0.8	3.1	8.65	0.6	4.1
Trans., Comm., & Public Utilities	11.71	0.0	1.6	11.26	0.0	2.2
Trade	7.60	1.1	0.4	6.88	-0.3	2.4
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	7.87	0.4	3.8
Services	n.a.	n.a.	n.a.	7.89	0.4	4.0

Labor Market Conditions

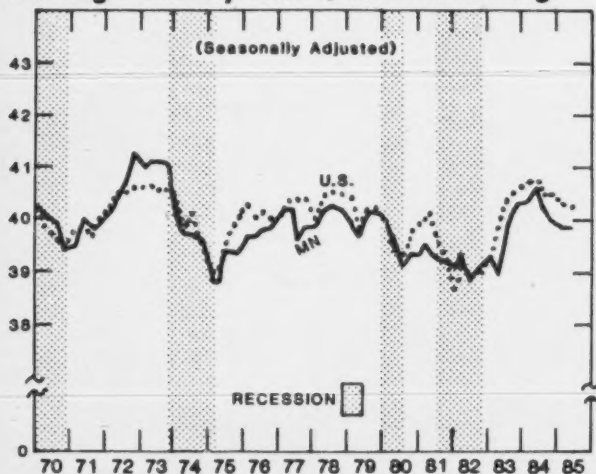
Ratio of Services to Goods Producing Jobs



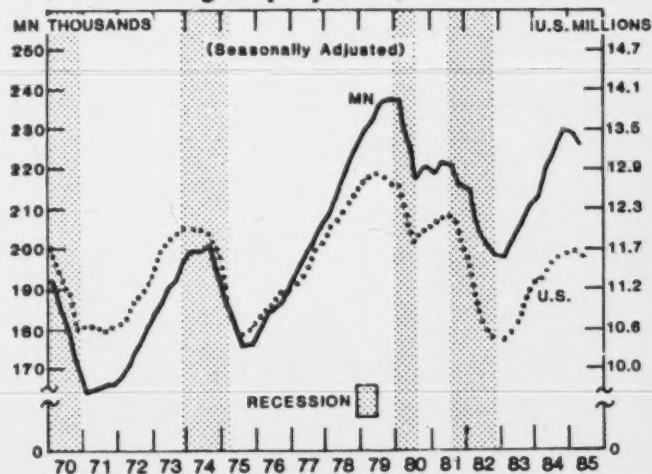
Manpower Utilization Rate



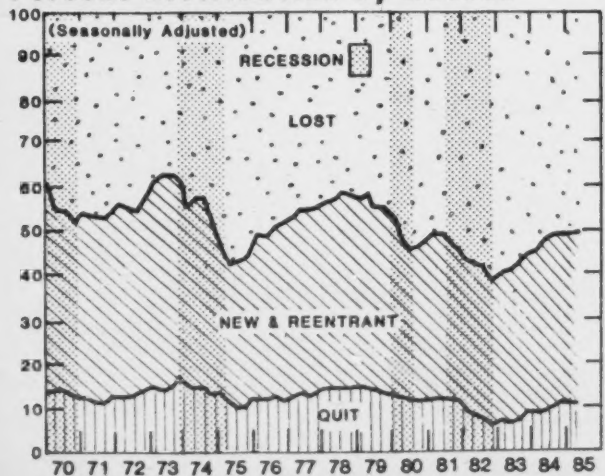
Average Weekly Hours, Manufacturing



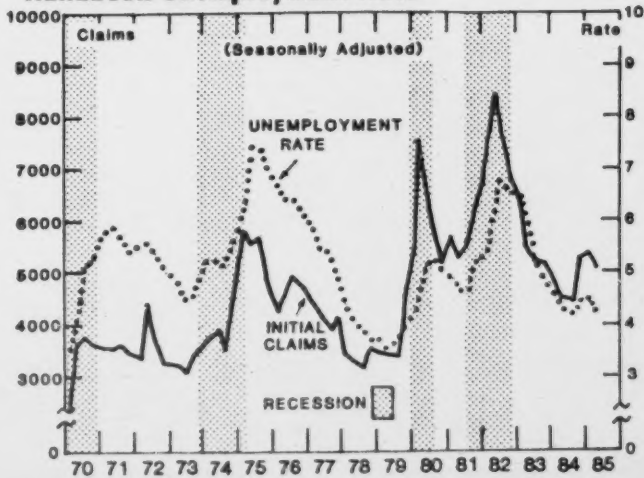
Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate



Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from extended programs is

reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	Second Quarter 1985			July 1985			
	Number	Percent Change From		Number	Percent Change From		Percent Long Term
		Last Qtr.	Year Ago		Month Ago	Year Ago	
By Age & Sex							
Male	26873	-46.3	21.0	22718	13.3	53.8	21.2
Under 45	20687	-46.6	21.7	17974	16.3	57.2	19.7
16-24	4577	-50.5	19.2	3618	9.8	43.6	18.0
25-34	10383	-46.2	20.3	9151	17.9	59.5	19.5
35-44	5727	-43.7	26.7	5205	18.2	63.8	21.1
45 and Over	6186	-45.2	18.6	4744	3.5	42.4	26.8
45-54	3438	-47.2	20.0	2675	5.6	47.5	22.8
55 and Over	2748	-42.4	16.8	2069	11.0	36.3	32.0
Female	11688	-11.7	3.8	14968	22.4	13.5	17.4
Under 45	8658	-11.7	6.1	11199	24.1	15.4	16.5
16-24	1969	-18.2	5.5	2384	23.7	27.6	14.6
25-34	4020	-11.4	4.9	5240	26.0	10.1	17.5
35-44	2669	-6.7	8.5	3575	21.6	16.3	16.3
45 and Over	3030	-11.7	-2.1	3769	17.8	8.1	20.0
45-54	1750	-8.9	2.5	2193	18.2	10.1	18.5
55 and Over	1280	-15.1	-7.8	1576	17.3	5.5	22.0
By Industry	38561	-39.0	15.2	37686	16.8	34.8	19.6
Ag., For., Fish.	519	-71.8	1.0	268	-1.8	-6.9	15.0
Mining	475	-86.9	21.8	1698	789.0	1363.8	3.3
Construction	8105	-61.0	9.4	2778	-24.1	18.3	20.7
Manufacturing	13492	-15.6	51.7	16174	27.2	107.5	19.6
Pub. Utilities	1851	-37.3	8.0	1554	2.9	24.3	22.6
Wholesale Trade	2696	-24.5	32.9	2501	1.7	42.5	27.3
Retail Trade	4000	-22.2	2.0	3951	7.7	15.6	25.3
Fin., Ins., Real Est.	963	-16.3	6.3	947	0.7	-1.4	29.6
Services	5462	-11.7	-18.7	6691	12.4	-25.7	16.8
Public Admin.	562	-50.6	-7.4	583	17.1	1.4	16.7
Inf. Not Available	436	-47.4	-15.2	541	35.3	22.4	2.4
By Occupation	38561	-39.0	15.2	37686	16.8	34.8	19.6
Prof., Tech., Mgr.	4798	-2.2	-1.9	6685	25.4	0.1	18.5
Clerical	3780	-4.2	1.9	4534	13.7	10.2	20.9
Sales	1426	-12.9	10.0	1476	7.7	15.9	26.6
Services	2376	-21.8	-12.7	2544	8.7	-11.8	21.7
Farm., For., Fish.	467	-70.5	2.2	202	-12.2	-3.8	26.0
Processing	1928	-31.5	4.4	1533	2.1	37.1	14.0
Machine Trade	2959	-15.3	62.7	2938	9.1	81.6	25.4
Benchwork	4503	-16.7	68.3	6668	44.4	155.3	16.5
Structural Work	9572	-57.6	13.7	4560	-11.8	25.9	21.7
Misc.	6434	-52.1	21.7	6233	32.2	79.0	17.9
Inf. Not Available	318	-19.7	-7.8	313	-1.3	-7.7	16.7
By Duration	38561	-39.0	15.2	37686	16.8	34.8	
0-14 Weeks	27518	-49.2	10.4	30300	23.1	35.5	
15+ Weeks (Long-Term)	11043	21.4	29.4	7386	-3.4	32.1	

Labor Market Conditions

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

Industry	EMPLOYMENT ^{1/} (thousands)			PERCENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	July 1985	June 1985	July 1984	June 1985	July 1984	July 1985	June 1985	July 1985	June 1985	July 1985	June 1985
Total Nonagricultural	1881.7	1903.1	1828.2	-1.1	2.9						
Manufacturing	381.5	381.1	379.8	0.1	0.4	398.59	400.18	10.04	10.08	39.7	39.7
Durable Goods	227.7	228.7	227.8	-0.5	0.0	419.62	420.04	10.31	10.27	40.7	40.9
Furniture, Lumber and Wood	18.3	18.0	17.1	1.9	7.0	482.51	476.85	11.30	11.22	42.7	42.5
Stone, Clay and Glass	9.3	9.3	9.4	-0.2	-1.5	379.05	380.70	10.50	10.43	36.1	36.5
Primary Metals	5.8	5.9	6.5	-3.1	-11.6	358.27	403.97	9.21	9.55	38.9	42.3
Fabricated Metals	35.0	35.1	35.6	-0.2	-1.7	452.92	451.16	11.02	10.97	41.1	41.4
Nonelectrical Machinery	92.7	93.7	92.1	-1.0	0.6	449.28	436.97	10.80	10.71	41.6	40.8
Electrical Machinery	27.9	27.7	28.7	0.6	-2.8	317.20	321.57	7.93	7.94	40.0	40.5
Transportation Equipment	6.6	6.7	5.7	-1.7	16.4	468.03	503.30	11.36	11.57	41.2	43.5
Other Durable Goods ^{2/}	32.1	32.3	32.6	-0.7	-1.5	394.22	394.99	9.93	9.85	39.7	40.1
Nondurable Goods	153.7	152.4	152.0	0.9	1.1	369.60	373.76	9.65	9.81	38.3	38.1
Food and Kindred	49.6	48.2	49.1	2.8	1.0	321.60	311.70	8.04	8.29	40.0	37.6
Textile and Apparel	4.6	4.7	5.2	-3.0	-11.1	234.25	230.01	6.23	6.15	37.6	37.4
Paper and Allied	34.5	34.4	34.8	0.3	-0.8	478.12	499.16	11.69	11.69	40.9	42.7
Printing and Publishing	41.8	41.6	39.5	0.6	5.8	368.46	372.01	10.68	10.69	34.5	34.8
Chemical and Petroleum	10.1	10.1	10.1	-0.7	-0.3	430.51	440.70	11.27	11.30	38.2	39.0
Rubber and Leather	13.2	13.4	13.4	-1.1	-1.6	312.16	317.68	8.28	8.36	37.7	38.0
Nonmanufacturing	1500.2	1521.9	1448.3	-1.4	3.6						
Mining and Quarrying	8.4	10.3	11.1	-18.9	-24.9	525.75	513.91	12.73	12.88	41.3	39.9
Metal Mining	5.8	7.8	8.7	-26.0	-33.3	557.57	540.96	13.87	13.80	40.2	39.2
Construction	83.8	80.5	78.7	4.1	6.5	595.53	565.81	15.27	15.21	39.0	37.2
Building	22.0	20.9	21.3	5.4	3.1	543.11	532.50	14.33	14.47	37.9	36.8
Highway and Heavy	17.3	16.5	15.8	4.9	9.5	591.68	523.77	13.76	13.43	43.0	39.0
Special Trades	44.5	43.2	41.6	3.1	7.1	624.34	598.21	16.43	16.30	38.0	36.7
Transportation	63.8	63.9	61.2	-0.2	4.2						
Railroads	9.8	9.9	10.8	-1.2	-9.4						
Trucking and Warehousing	27.0	26.9	25.8	0.5	4.6	372.13	396.29	11.45	11.52	32.5	34.4
Public Utilities	35.1	35.0	35.3	0.1	-0.7	529.20	534.66	13.33	13.40	39.7	39.9
Communications	20.3	20.3	20.5	0.1	-0.9	494.00	493.20	12.35	12.33	40.0	40.0
Elec., Gas and Sanitary	14.7	14.7	14.8	0.2	-0.6	571.69	584.26	14.51	14.68	39.4	39.8
Trade	480.0	481.0	467.7	-0.2	2.6	230.58	228.92	7.61	7.58	30.3	30.2
Retail	359.1	360.8	348.7	-0.5	3.0	185.64	183.30	6.63	6.57	28.0	27.9
General Merchandise	49.6	49.4	47.5	0.5	4.6	174.10	172.29	6.24	6.22	27.9	27.7
Food Stores	47.4	47.8	47.8	-0.8	-0.9	204.45	200.04	7.05	6.97	29.0	28.7
Automotive	39.6	39.8	37.2	-0.4	6.4	355.79	349.87	9.59	9.38	37.1	37.3
Eating and Drinking	126.2	127.7	121.8	-1.2	3.6	105.57	105.33	4.59	4.54	23.0	23.2
Wholesale	120.9	120.2	119.0	0.6	1.6	384.56	387.73	10.12	10.15	38.0	38.2
F.I.R.E.	111.6	110.6	107.4	0.9	3.9						
Finance	51.7	51.3	50.4	0.8	2.6						
Insurance	40.5	40.1	38.4	1.0	5.5						
Real Estate	19.4	19.2	18.6	1.1	4.3						
Service	442.1	441.4	415.7	0.1	6.3						
Hotel and Lodging	25.7	25.4	24.4	1.2	5.3						
Business Services	82.6	82.0	74.1	0.7	11.5						
Health Services	138.7	137.9	131.2	0.6	5.7						
Private Education	17.6	20.0	17.3	-12.4	1.5						
Soc., Serv., Museums etc.	93.7	93.0	90.6	0.8	3.4						
Government	275.5	299.1	271.2	-7.9	1.6						
Federal	31.9	31.8	31.0	0.4	2.9						
State	63.9	69.6	64.5	-8.2	-1.0						
Local	179.7	197.6	175.6	-9.1	2.3						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Market Conditions

Labor Force Data: State, MSAs, and Counties

Area or County	July 1985, Prelim.				Area or County	July 1985, Prelim.			
	Labor ¹ / Force	Unemp.	Unemp. Rate			Labor ¹ / Force	Unemp.	Unemp. Rate	
				Year Ago					Year Ago
State of Minnesota	2257329	120811	5.4	5.7	Houston	10472	546	5.2	5.0
Metropolitan Areas					Hubbard	5989	569	9.5	10.2
Duluth/Superior MSA	99745	10377	10.4	9.3	Itasca	16675	1763	10.6	10.1
St. Louis County	82714	8664	10.5	9.3	Jackson	9047	423	4.7	5.8
City of Duluth	32510	2030	6.2	8.7	Kanabec	5955	543	9.1	9.4
Douglas County (Wisc.)	15318	1713	11.2	9.7	Kandiyohi	19323	911	4.7	5.1
Fargo/Moorhead MSA	80812	2940	3.6	4.0	Kittson	3538	292	8.3	8.6
Cass County (N. Dakota)	52292	1811	3.5	3.3	Koochiching	7323	754	10.3	8.0
Clay County	28520	1129	4.0	5.3	Lac Qui Parle	6140	242	3.9	4.9
Mpls./St. Paul-MN-WI MSA	1268478	56297	4.4	4.8	Lake	4614	454	9.8	12.8
Anoka County	118242	5373	4.5	5.0	Lake of the Woods	2080	1962	5.7	7.5
Carver County	22080	877	4.0	3.6	Le Sueur	13503	888	6.6	6.7
Chisago County	15526	699	4.5	4.3	Lincoln	4261	199	4.7	5.2
Dakota County	118787	5598	4.7	4.4	Lyon	15746	664	4.2	4.7
Hennepin County	554814	25074	4.5	5.0	McLeod	18387	870	4.7	4.6
City of Bloomington	48908	2790	5.7	4.9	Mahnomen	3023	257	8.5	9.9
City of Minneapolis	214129	10095	4.7	5.6	Marshall	6570	646	9.8	11.7
Isanti County	14020	767	5.5	4.0	Martin	14967	1007	6.7	5.0
Ramsey County	269552	11687	4.3	5.0	Meeker	11979	1008	8.4	8.3
City of St. Paul	157180	7707	4.9	5.6	Millie Lacs	9399	672	7.1	7.4
St. Croix County (Wisc.)	25327	917	3.6	4.8	Morrison	13478	1113	8.3	9.0
Scott County	26760	1454	5.4	4.2	Mower	18453	931	5.0	5.7
Washington County	68330	2400	3.5	4.0	Murray	6629	348	5.2	6.1
Wright County	35040	1451	4.1	3.8	Nicollet	14661	632	4.3	4.2
Rochester MSA-Olmsted Cty.	62522	2191	3.5	4.0	Nobles	12417	689	5.5	5.8
St. Cloud MSA	81164	5205	6.4	7.3	Norman	5214	283	5.4	5.5
Benton County	12586	840	6.7	7.8	Otter Tail	26093	1757	6.7	7.6
Sherburne County	15385	1075	7.0	6.9	Pennington	6291	451	7.2	7.6
Stearns County	53193	3290	6.2	7.3	Pine	9990	715	7.2	8.4
					Pipestone	6087	256	4.2	3.9
Counties					Polk	17323	1307	7.5	8.9
Aitkin	5584	628	11.2	12.4	Pope	6135	292	4.8	5.3
Becker	13110	1019	7.8	10.2	Red Lake	2313	327	14.1	12.5
Beltrami	16350	1109	6.8	7.5	Redwood	12922	1205	9.3	4.4
Big Stone	4122	208	5.0	5.7	Renville	13068	1055	8.1	7.6
Blue Earth	27930	1295	4.6	4.6	Rice	24158	2116	8.8	6.8
Brown	15695	739	4.7	5.1	Rock	6136	204	3.3	3.4
Carlton	11437	911	8.0	9.6	Roseau	6804	372	5.5	7.6
Cass	11421	796	7.0	8.2	Sibley	8759	493	5.6	5.7
Chippewa	7929	472	6.0	6.7	Steele	17365	808	4.7	5.4
Clearwater	4202	513	12.2	15.2	Stevens	6017	217	3.6	4.3
Cook	2493	162	6.5	7.8	Swift	6393	463	7.2	9.2
Cottonwood	7883	650	8.2	9.2	Todd	12046	746	6.2	7.0
Crow Wing	18935	1334	7.0	7.6	Traverse	3070	114	3.7	4.0
Dodge	9219	496	5.4	6.6	Wabasha	10443	569	5.4	7.0
Douglas	14705	777	5.3	5.1	Wadena	5946	370	6.2	7.6
Faribault	11728	568	4.8	4.5	Waseca	9918	499	5.0	4.5
Fillmore	13543	795	5.9	5.9	Watsonwan	6876	332	4.8	5.5
Freeborn	18644	1017	5.5	7.1	Wilkin	4445	279	6.3	5.4
Goodhue	20894	1048	5.0	6.2	Winona	22810	1342	5.9	7.2
Grant	3844	176	4.6	4.9	Yellow Medicine	8339	418	5.0	5.0

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and MSA areas. County and area unemployment was multiplied by an adjustment factor of 1.29; employment was multiplied by .99. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

Labor force is the sum of employment and unemployment; therefore, employment can be derived by subtracting unemployment from the labor force.

National Economic Activity

Spending, Output, Income, and Prices

The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit

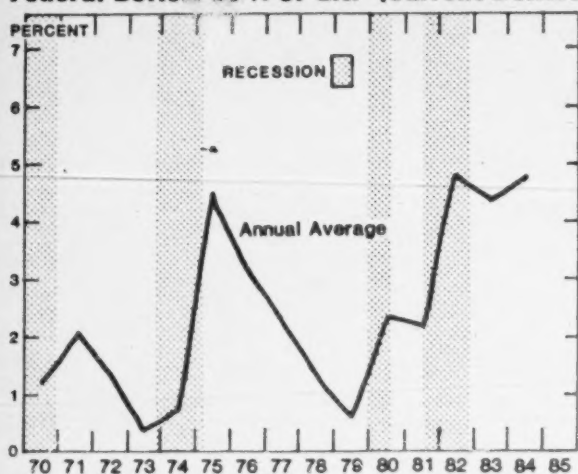
is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment.

Spending, Output, Income, and Prices	United States		
	II QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago
Spending and Output			
Gross National Product (in Billions of 1972 Dollars) ^{1/}	1670.7	0.4	1.9
Personal Consumption Expenditures	1103.1	1.3	3.7
Durable Goods	190.6	1.9	6.7
Nondurable Goods	404.4	1.5	2.0
Services	508.1	0.9	3.9
Gross Private Domestic Investment	287.7	-1.5	1.3
Nonresidential, Fixed	219.9	3.2	8.4
Residential, Fixed	62.0	3.3	2.0
Net Exports	-33.8	#	#
Government Purchases	313.7	1.0	3.8
Federal	130.6	0.6	6.0
State and Local	183.1	1.2	2.3
Current Federal Budget Surplus (Deficit) ^{2/}	-210.8	-165.1	-163.7
Current Federal Budget Surplus (Deficit) as % of GNP ^{3/}	-5.5	-4.3	-4.5
Retail Sales (in millions of dollars)	114968	3.0	6.3
Industrial Production ^{4/}	124.4	0.5	2.5
Housing Starts ^{5/}	1770	-1.4	-4.7
Plant Utilization Rates	80.4	-0.1	-0.5
New Orders - Durable Goods (in millions of dollars)	103169	0.7	4.4
Income and Credit			
Total Personal Income (in billions of dollars)	3181.6	1.2	6.6
Total Disposable Personal Income (in billions of dollars)	2734.6	3.0	7.1
Per Capita Personal Income			
Current Dollars	13343	1.0	5.7
1972 Dollars	4200	-0.2	1.5
Median Family Income - Family of Four (in dollars)	34426	1.0	5.4
Poverty Threshold for Family of Four (in dollars)	10650	---	4.4
Average Weekly Earnings of Production Workers in Mfg	382.63	1.0	2.7
Money and Credit			
Money Supply (M2) (in billions of dollars)	2448.3	1.3	8.6
Federal Reserve Discount Rate	7.77	-2.9	-13.3
Prime Rate Charged by Banks	10.20	-3.2	-17.1
Consumer Installment Credit as % of Disp. Pers. Income	17.9	1.8	12.6
Prices			
Consumer Price Index (All Urban Consumers)	321.2	1.2	3.7
Food	301.3	0.2	2.4
Housing	348.3	1.4	4.1
Apparel	205.3	1.5	3.4
Transportation	321.1	1.9	3.0
Medical Care	399.7	1.5	6.1
Personal Care	280.8	1.0	4.1
Producer Price Index	309.6	0.2	-0.6
Finished Goods	292.2	0.6	0.6
Raw Materials	305.4	-3.5	-8.2

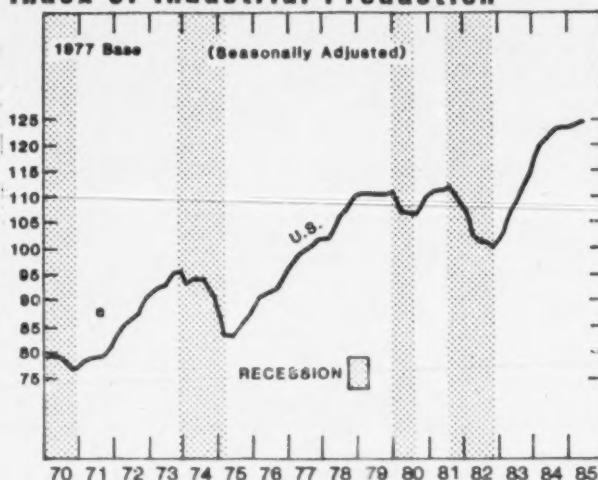
Percent change not applicable

Output, Expenditures, Money, & Credit Conditions

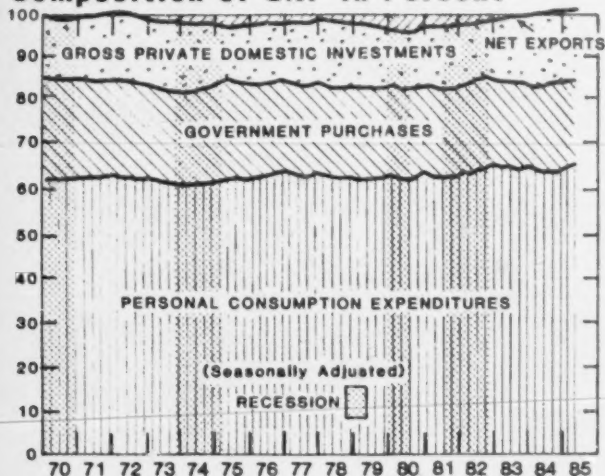
Federal Deficit as % of GNP (Current Dollars)



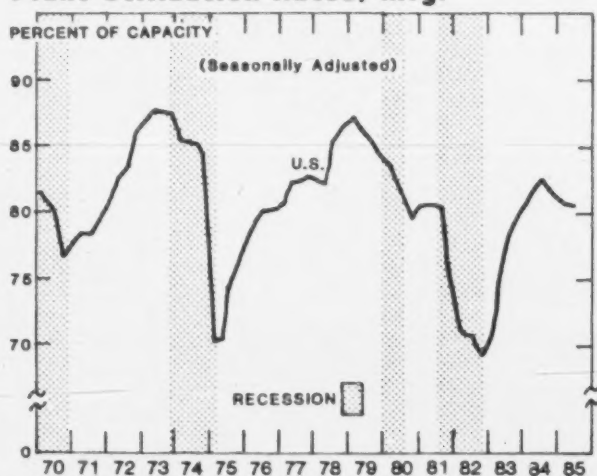
Index of Industrial Production



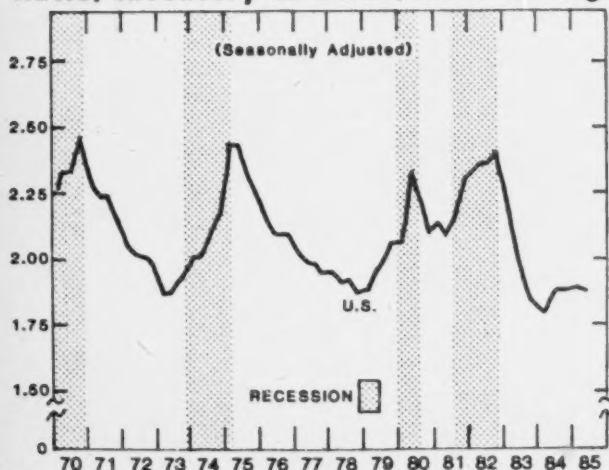
Composition of GNP in Percent



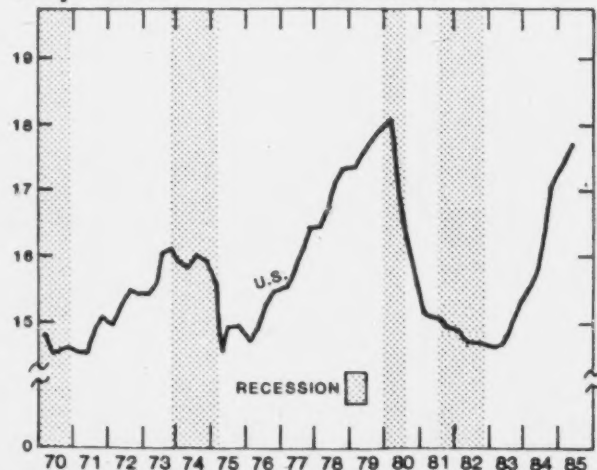
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.

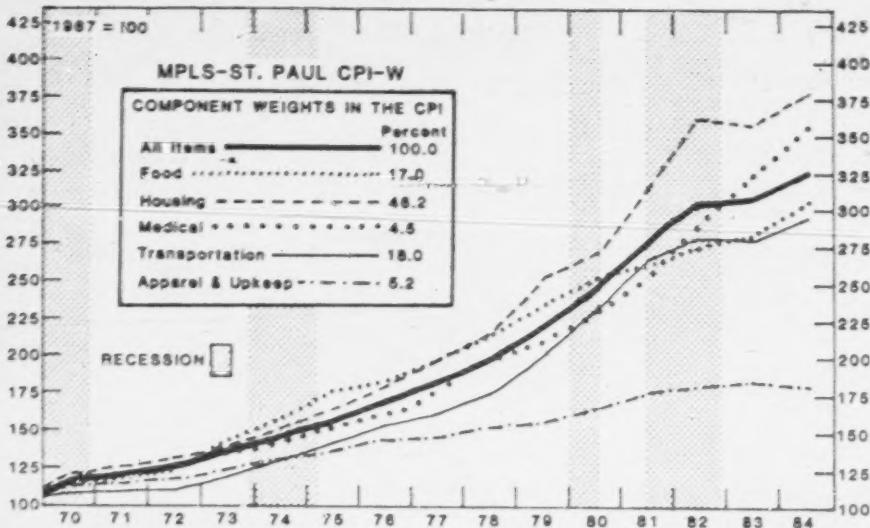


Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.

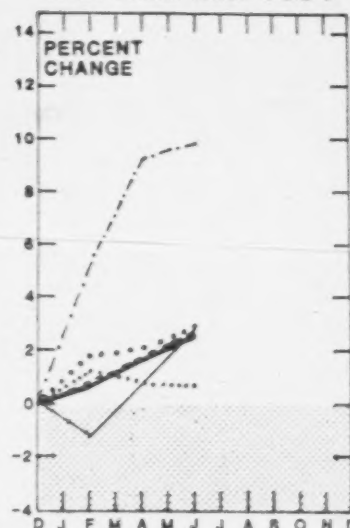


Income & Purchasing Power

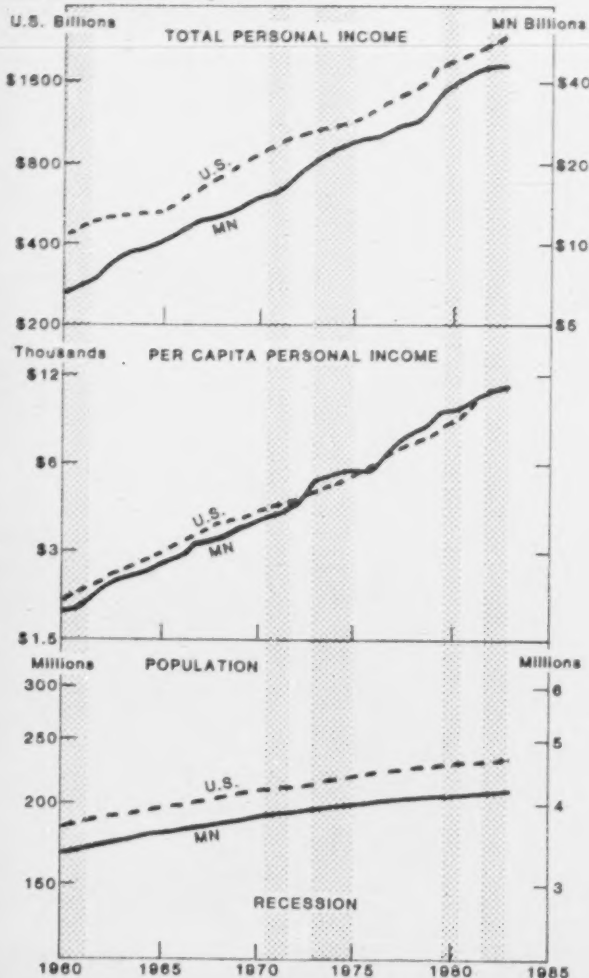
Consumer Price Index-Major Components



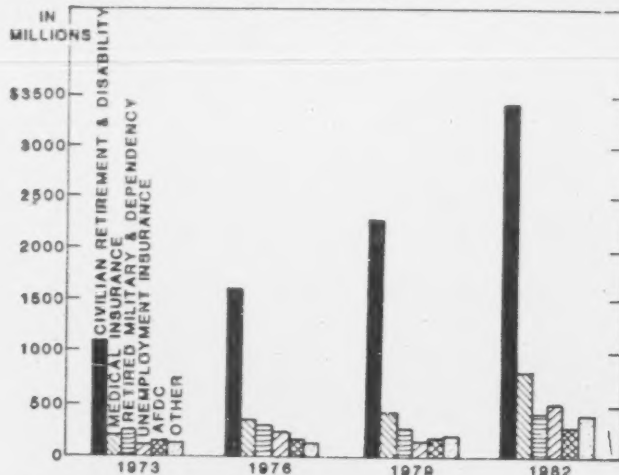
% Δ From Dec. 1984



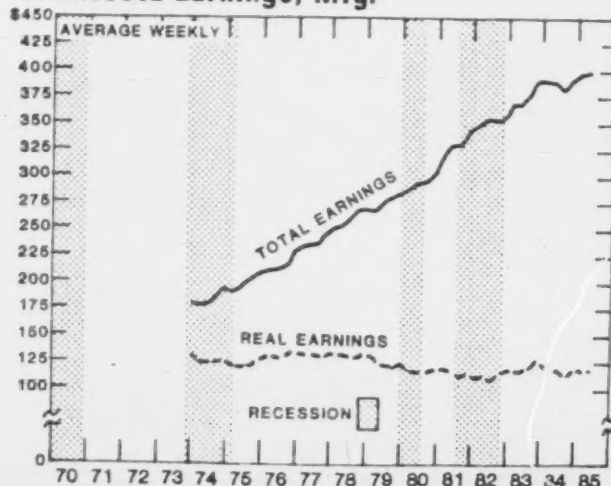
U.S. & MN Personal Income and Population



Government Transfer Payments To Individuals In Minnesota (Selected Years)



Minnesota Earnings, Mfg.



Minnesota Income Support and Employment Assistance Data

Presented below is data on income support and employment assistance programs provided to unemployed Minnesotans. Usually, the number of individuals receiving payments or employment and training assistance is the average of the three months in the quarter. In most programs there are eligibility requirements which must be met. In the

table below, comparative data from a quarter ago and a year ago is presented. Because of seasonal swings in economic activity, quarter to quarter comparisons of program data can vary significantly. Year ago comparisons give a better indication of trends in the economy.

	Number of Persons			Amount Paid (Thousands)		
	II QTR. 1985	Last Quarter	Last Year	II QTR. 1985	Last Quarter	Last Year
Unemployment Insurance						
Total State	52054	74508	43925	\$24,795.2	\$38,041.6	\$19,360.7
Northeast	5912	11165	5332	2,885.0	6,320.7	2,319.4
Northwest	7253	11661	6821	3,129.7	5,613.1	2,784.5
Central	6868	10199	5299	3,109.4	5,212.0	2,265.9
Metropolitan	21029	25446	17107	10,963.3	13,324.1	8,077.0
Southern	10991	16036	9365	4,707.7	7,571.7	3,914.0
General Assistance	(Prelim.)			(Prelim.)		
Total State	40339	39303	23285	\$8,148.4	\$7,699.1	\$5,016.1
Northeast	6853	6759	4897	1,283.1	1,303.8	1,037.5
Northwest	4538	4304	2166	793.7	737.2	402.2
Central	2500	2426	1260	453.5	433.6	252.0
Metropolitan	22097	21489	12501	4,786.2	4,418.9	2,826.3
Southern	4351	4325	2461	831.9	805.6	498.1
Job Service						
Individuals served	163790	146781	146927			
Individuals placed	4985	3409	6280			
Vocational Rehabilitation						
Active Caseload	15707	15184	14788			
Percent Severely Disabled	55.6	56.2	56.3			
Closed-Employed	367	311	337			
Job Training Partnership Act (Title IIA)						
Participants	13392	11852	10818			
Entered Employment	3471	2082	2790			
Trade Adjustment Assistance (TRA)						
Individuals Entitled to Basic TRA	7	1	47			
Individuals Placed or Entered Training	11	16	27			
Targeted Jobs Tax Credit						
Individuals Vouchered	3450	1405	964			
Individuals Certified	1364	809	1086			
Food Stamp Program						
Registrations	1557	1559	1592			
Individuals Entered Employment	162	115	209			
Work Incentive Program						
Registrants On-Board	25237	24936	24443			
Individuals Entered Employment	508	326	592			
MEED						
Individuals On-Board Left Program with Unsubsidized Job	5941	5834	8379			
	637	609	659			

Technical Notes

For the reader's convenience the notes which follow are organized in sequence for the pages which appear in the statistical section. Each note corresponds to the footnote or reference notation for the given page.

* Wherever an asterisk appears the data is seasonally adjusted.

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- 1/ Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.
- 2/ Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

Page 21

- 1/ The handbook unemployment rate is the estimate of unemployment prior to the Current Population Survey (CPS) adjustment.

Page 25

- 1/ Totals may not add due to rounding.
- 2/ Values shown in percent change columns are deficit in billions of dollars for period cited.
- 3/ Values shown in percent change columns are deficit as percent of GNP for period cited.
- 4/ Base year is 1977. Source: Federal Reserve Board.
- 5/ Annualized in thousands. Source: Bureau of the Census

Available Publications

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

Minnesota Employment Outlook to 1990 (February 1985)

Labor Market Information Summary for 1985 for Minneapolis-St. Paul SMSA (May 1984), St. Cloud SMSA (June 1984), Duluth SMSA (Sept. 1984), and Minnesota (April 1984)

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings, January 1950 - December 1984 (April 1985)

Employment, Hours, and Earnings, 1950-1985, Minneapolis-St. Paul Area (April 1985)

Important Minnesota Occupations by Industry (August 1984)

1982 Occupational Employment Statistics in Minnesota (April 1984)

1983 Occupational Employment Statistics in Minnesota (December 1984)

1985 Minnesota Salary Survey by Area (July 1985)

1985 Minnesota Hospitals and Nursing Homes Salary Survey (August 1985)

1985 Minnesota Wage Data by Industry and Size of Firm (September 1985)

Minnesota Labor Market Information Directory (June 1984)

Minnesota Employment and Wage Data by County (Fourth Quarter 1984) Limited number available for 1975-1983

Average Covered Employment & Wages by Economic Region for the Calendar Year 1982 by Two Digits of Industry (also available for 1976-82)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950 - 1978

Cyclical Sensitivity in Minnesota (August 1981)

Write to: Director, Research and Statistical Services Office
Minnesota Department of Economic Security
390 North Robert Street
St. Paul, Minnesota 55101

CURRENT MINNESOTA LABOR MARKET CONDITIONS

July 1985 Supplement to The Review of Labor and Economic Conditions

Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

Although the monthly economic reports for June gave out mixed signals, the real gross national product data for the first and second quarters indicated that the Nation's economy was very sluggish in the first half of the year. While a few economists expect the economy to slide into a recession, most expect moderate or strong growth in the second half of the year.

Labor market conditions appeared to weaken in June as total employment declined, non-farm payroll employment rose very slowly and the unemployment rate remained at 7.3 percent for the fifth consecutive month in June. Although seasonally adjusted total employment fell by 590,000 in June, the drop may have been overstated because of seasonal adjustment problems. Meanwhile, seasonally adjusted non-farm payroll employment experienced its smallest increase in almost 2 years in June, rising by only 80,000 after monthly gains averaging 260,000 in the previous 5 months. In addition to the continued declines in durable goods manufacturing employment, there were also June decreases in construction and government employment.

Among the mixed developments in June and the second quarter were declines in retail sales and housing permits and very small increases in industrial production, housing starts and real gross national product. On the other hand, personal income and spending continued to show good gains.

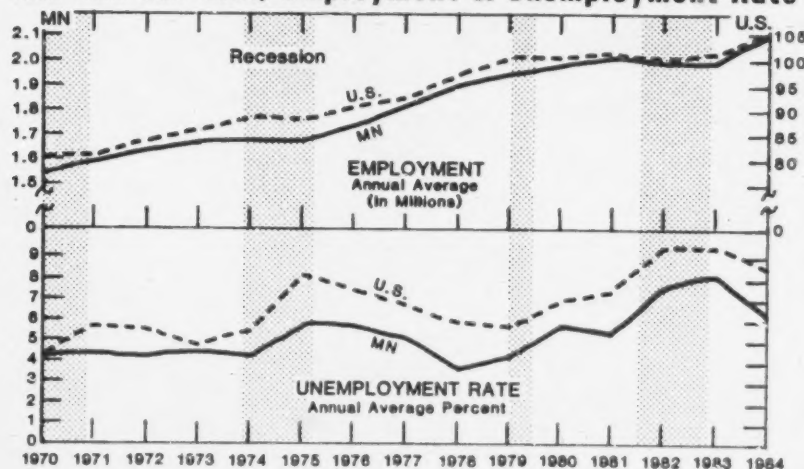
State

The Minnesota economy appeared to weaken further in June as total employment continued to fall and employment in the cyclically sensitive sectors showed further declines. Economists disagree as to what direction the State's economy will take in the second half of the year.

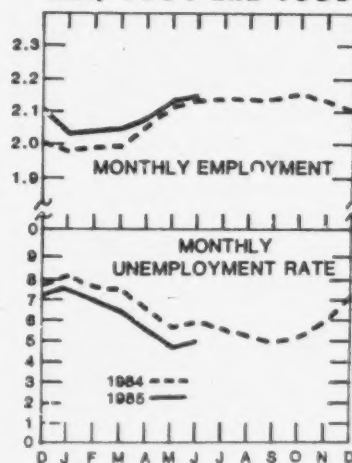
Although the seasonally adjusted unemployment rate rose 0.1 of a percentage point to 5.1 percent in June, State analysts did not consider the small one month rise significant. On the other hand, seasonally adjusted total employment fell for the third consecutive month in June and was below the levels of the past three quarters. Also, even though total seasonally adjusted non-farm payroll employment rose again in June as a result of large increases in nondurable goods manufacturing and government employment in construction, durable goods manufacturing, and retail trade continued to decline. Employment in construction dropped for the third straight month in June largely because of sharp declines in the special trades. Durable goods manufacturing employment fell for the fourth month in a row in June and was below the level of a year ago. The largest declines in durable goods manufacturing over the past four months were in office computing, fabricated metals, electrical machinery, and transportation equipment.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	June 1985	Change From		June 1985	Change From	
		Last Mo.	Year Ago		Last Mo.	Year Ago
Civilian Labor Force	2267.1	36.4	-5.1	116.6	1.7	1.2
Employed	2154.5	30.6	18.7	107.8	0.9	1.0
Unemployed	112.6	5.8	-23.8	8.8	0.8	0.2
Unemployment Rate						
Actual	5.0	0.2	-1.0	7.5	0.5	0.1
Seasonally Adjusted	5.1	0.1	-1.0	7.3	0.0	0.2

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT ^{1/} (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	June 1985	May 1985	June 1984	May 1985	June 1984	June 1985	May 1985	June 1985	May 1985	June 1985	May 1985
TOTAL NONAGRICULTURAL	1903.9	1891.0	1841.8	0.7	3.4						
MANUFACTURING	381.6	375.5	379.1	1.6	0.7	400.97	399.17	10.10	10.08	39.7	39.6
Durable Goods	228.9	227.6	229.2	0.6	-0.2	420.45	413.31	10.28	10.18	40.9	40.6
Furniture, Lumber and Wood	18.1	17.6	17.0	3.0	6.8	492.15	455.39	11.58	11.08	42.5	41.1
Stone, Clay and Glass	9.3	8.9	9.4	5.1	-1.0	380.79	378.14	10.49	10.36	36.3	36.5
Primary Metals	6.0	6.0	6.6	-0.2	-10.4	404.81	391.46	9.57	9.41	42.3	41.6
Fabricated Metals	35.0	35.2	35.3	-0.5	-0.9	457.87	445.26	10.98	10.86	41.7	41.0
Nonelectrical Machinery	93.6	94.0	92.2	-0.5	1.5	435.34	433.54	10.67	10.60	40.8	40.9
Electrical Machinery	27.8	27.2	28.5	1.9	-2.5	320.37	314.42	7.93	7.90	40.4	39.8
Transportation Equipment	6.8	6.8	7.1	0.2	-4.3	500.98	513.48	11.57	11.67	43.3	44.0
Other Durable Goods ^{2/}	32.3	31.9	33.1	1.5	-2.3	389.46	389.86	9.64	9.65	40.4	40.4
Nondurable Goods	152.7	147.9	149.8	3.2	1.9	374.90	379.10	9.84	9.95	38.1	38.1
Food and Kindred	47.9	44.2	46.5	8.2	3.0	315.09	325.62	8.38	8.66	37.6	37.6
Textile and Apparel	4.7	4.7	5.3	0.7	-10.9	226.04	229.74	6.21	6.26	36.4	36.7
Paper and Allied	34.5	33.8	34.6	2.3	-0.1	498.62	494.25	11.76	11.74	42.4	42.1
Printing and Publishing	42.1	41.7	39.9	0.9	5.5	373.82	375.95	10.62	10.65	35.2	35.3
Chemical and Petroleum	10.1	10.0	10.0	1.3	1.8	439.08	441.38	11.06	11.09	39.7	39.8
Rubber and Leather	13.4	13.6	13.7	-1.4	-2.2	316.47	316.99	8.35	8.32	37.9	38.1
NONMANUFACTURING	1522.4	1515.5	1462.7	0.5	4.1						
Mining and Quarrying	10.2	10.0	11.1	2.2	-7.6	516.09	516.40	12.87	12.91	40.1	40.0
Metal Mining	7.7	7.8	8.7	-0.7	-10.6	542.14	539.00	13.83	13.75	39.2	39.2
Construction	80.4	74.0	73.5	8.7	9.5	563.92	557.21	15.20	15.35	37.1	36.3
Building	20.9	20.1	19.7	4.1	5.9	535.39	531.36	14.47	14.40	37.0	36.9
Highway and Heavy	16.5	13.5	14.4	22.4	15.0	522.82	471.17	13.44	13.31	38.9	35.4
Special Trades	43.0	40.4	39.4	6.4	9.2	594.59	598.02	16.29	16.52	36.5	36.2
Transportation	64.2	64.6	62.2	-0.7	3.2						
Railroads	9.9	9.9	10.9	0.0	-9.5						
Trucking and Warehousing	27.0	26.7	25.7	1.1	4.7	401.94	398.70	11.55	11.49	34.8	34.7
Public Utilities	35.0	34.8	35.2	0.6	-0.7	543.11	544.16	13.41	13.37	40.5	40.7
Communications	20.3	20.2	20.6	0.4	-1.3	514.98	514.56	12.32	12.31	41.8	41.8
Elec., Gas and Sanitary	14.7	14.6	14.7	0.8	0.2	577.20	580.26	14.80	14.69	39.0	39.5
Trade	481.3	477.3	465.3	0.8	3.5	228.0	225.85	7.60	7.63	30.0	29.6
Retail	360.9	358.2	347.2	0.8	4.0	182.82	180.73	6.60	6.62	27.7	27.3
General Merchandise	49.4	50.1	47.1	-1.4	4.6	172.85	165.54	6.24	6.20	27.7	26.7
Food Stores	47.9	47.1	47.4	1.8	1.1	199.63	196.95	6.98	7.11	28.6	27.7
Automotive	39.8	39.4	37.4	1.0	6.5	346.30	348.13	9.54	9.46	36.3	36.8
Eating and Drinking	127.4	126.1	121.8	1.1	4.7	104.19	102.83	4.53	4.57	23.0	22.5
Wholesale	120.4	119.1	118.1	1.1	2.0	385.70	385.44	10.15	10.17	38.0	37.9
F.I.R.E.	110.2	109.3	107.1	0.8	2.9						
Finance	51.1	50.8	50.2	0.7	1.7						
Insurance	40.0	39.6	38.5	1.0	3.7						
Real Estate	19.1	18.9	18.3	0.9	4.4						
Service Industries	441.2	440.5	414.2	0.2	6.5						
Hotel and Lodging	25.3	23.7	24.2	6.7	4.5						
Business Services	82.3	81.4	73.7	1.1	11.7						
Health Services	137.8	137.0	128.7	0.6	7.1						
Private Education	20.1	24.8	19.7	-18.9	2.0						
Soc. Serv., Museums etc.	92.6	92.7	89.9	-0.1	3.1						
Government	299.8	305.0	294.1	-1.7	1.9						
Federal	31.8	31.4	30.8	1.3	3.1						
State	71.4	77.6	70.3	-8.1	1.5						
Local	196.6	196.0	193.0	0.3	1.9						

^{1/} Totals may not add because of rounding.

^{2/} Includes Scientific Instruments and Miscellaneous Industries.

Labor Market Conditions

Labor Force Data: State, MSAs, and Counties

Labor Force Data: State, MSAs, and Counties									
Area or County	June 1985, Prelim.				Area or County	June 1985, Prelim.			
	Labor ¹ / Force	Unemp.	Unemp. Rate			Labor ¹ / Force	Unemp.	Unemp. Rate	
				Year Ago					Year Ago
State of Minnesota	2267129	112626	5.0	6.0	Houston	10795	480	4.4	4.8
Metropolitan Areas					Hubbard	6031	539	8.9	11.6
Duluth/Superior MSA	101894	7962	7.8	9.7	Itasca	16807	1648	9.8	11.5
St. Louis County	84738	6058	7.1	9.5	Jackson	8927	432	4.8	5.0
City of Duluth	34829	2443	7.0	8.9	Kanabec	5966	569	9.5	10.1
Douglas County (Wisc.)	17156	1904	11.1	10.1	Kandiyohi	19553	964	4.9	5.5
Fargo/Moorhead MSA	80170	2956	3.7	3.9	Kittson	3509	257	7.3	8.5
Cass County (N. Dakota)	51791	1769	3.4	3.0	Koochiching	7597	980	12.9	9.4
Clay County	28379	1187	4.2	5.3	Lac Qui Parle	6122	249	4.1	5.7
Mpls./St. Paul-MN-WI MSA	1275589	51955	4.1	4.9	Lake	4650	423	9.1	15.0
Anoka County	119025	5104	4.3	4.9	Lake of the Woods	1939	118	6.1	8.4
Carver County	22240	839	3.8	4.1	Le Sueur	13531	886	6.5	8.1
Chisago County	15780	515	5.2	4.6	Lincoln	4269	178	4.2	5.8
Dakota County	118994	4750	4.0	4.4	Lyon	16092	648	4.0	5.2
Hennepin County	556994	22316	4.0	5.2	McLeod	16226	785	4.3	5.5
City of Bloomington	48608	2060	4.2	5.0	Mahnomen	3062	280	9.1	10.3
City of Minneapolis	215144	9208	4.3	5.7	Marshall	6547	688	10.5	12.3
Isanti County	14257	881	6.2	4.7	Martin	14660	802	5.5	5.9
Ramsey County	271570	11302	4.2	5.1	Meeker	11302	621	5.5	9.3
City of St. Paul	156258	7392	4.7	5.5	Mille Lacs	9522	665	7.0	8.0
St. Croix County (Wisc.)	25681	899	3.5	4.3	Morrison	13713	1088	7.9	8.9
Scott County	26733	1191	4.5	4.4	Mower	18932	908	4.8	5.7
Washington County	58953	2408	3.5	4.0	Murray	6594	343	5.2	6.6
Wright County	35362	1460	4.1	4.3	Nicollet	15074	641	4.3	4.7
Rochester MSA-Olmsted Cty.	62126	2245	3.6	4.3	Nobles	12525	723	5.8	5.8
St. Cloud MSA	81909	5379	6.6	7.0	Norman	4992	291	5.8	6.6
Benton County	12733	898	7.1	6.7	Otter Tail	26161	1920	7.3	9.7
Sherburne County	15530	1113	7.2	7.4	Pennington	6215	446	7.2	8.5
Stearns County	53646	3368	6.3	6.9	Pine	10247	780	7.6	9.0
Counties					Pipestone	6174	270	4.4	4.6
Aitkin	5556	692	12.5	14.7	Polk	17327	1277	7.4	9.2
Becker	12986	1093	8.4	11.8	Pope	5992	278	4.6	5.9
Beltrami	17109	1219	7.1	8.0	Red Lake	2264	258	11.4	14.4
Big Stone	4124	212	5.1	6.4	Redwood	11620	639	5.5	5.2
Blue Earth	28656	1255	4.4	4.7	Renville	12688	873	6.9	7.4
Brown	15472	769	5.1	5.8	Rice	24185	1471	6.1	6.9
Carlton	11585	912	7.9	10.4	Rock	6291	227	3.6	3.6
Cass	11527	844	7.3	8.8	Roseau	6913	421	6.1	8.8
Chippewa	7973	471	5.9	5.7	Sibley	9023	535	5.9	6.1
Clearwater	4246	583	13.7	17.4	Steele	17474	839	4.8	5.6
Cook	2364	186	7.9	9.0	Stevens	6098	219	3.6	4.5
Cottonwood	7797	591	7.6	8.9	Swift	6685	518	7.7	10.5
Crow Wing	18904	1330	7.0	8.2	Todd	11955	704	5.9	7.2
Dodge	9201	500	5.4	7.1	Traverse	3048	121	4.0	4.8
Douglas	14726	776	5.3	5.6	Wabasha	10474	621	5.9	8.3
Faribault	11496	505	4.4	5.8	Wadena	5612	351	6.3	7.8
Fillmore	13678	755	5.5	6.2	Waseca	9866	523	5.3	5.0
Freeborn	18070	934	5.2	7.2	Watsonwan	6801	281	4.1	7.3
Goodhue	20983	1120	5.3	6.5	Wilkin	4468	266	6.0	6.6
Grant	3830	150	3.9	5.2	Winona	22952	1390	6.1	7.5
					Yellow Medicine	8316	340	4.1	5.2

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and MSA areas. County and area unemployment was multiplied by an adjustment factor of 1.26; employment was multiplied by .99. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

Labor force is the sum of employment and unemployment; therefore, employment can be derived by subtracting unemployment from the labor force.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

The total number of claimants for unemployment benefits fell by 1,620 or 4.8 percent in June. June's percent decline in claimants compared with a seven year average drop of 6.7 percent between May and June. Among the industry sectors, the smallest over-the-month percent decline was 0.7 percent in manufacturing where claimants, on average, fall by 9.6 percent from May to June. Moreover, seasonally adjusted claimant data show that the total number of claimants rose in June for the first time since January and that claimants in manufacturing increased sharply in June after gains in seven of the past nine months. Over the year, the total number of claimants rose by 3,969 or 14.0 percent. A large rise of 5,290 in manufacturing was partially offset by a drop of 2,751 in services.

Table 1. Distribution of Insured Unemployed, By Age and Sex, June 1985

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	32269	62.1	100.0	100.0
Under 45	24488	63.1	77.1	73.8
Under 25	5222	63.1	16.4	15.8
25-34	11923	65.1	38.7	34.0
35-44	7343	60.0	22.0	24.0
45 and Over	7781	58.9	22.9	26.2
45-54	4389	57.7	12.7	15.2
55 and Over	3392	60.4	10.2	11.0

Table 2. Distribution of Insured Unemployed By Industry and Occupation, June 1985

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term Unemployed ^{1/}	Women as Percent of Total
Total, All Industries	32269	100.0	23.7	38.2
Ag., For., Fish.	273	0.9	19.0	32.8
Mining	191	0.6	55.6	13.1
Construction	3660	11.3	27.2	5.5
Manufacturing	12715	39.4	23.5	35.8
Pub. Utilities	1510	4.7	26.4	24.0
Wholesale Trade	2460	7.6	27.2	26.6
Retail Trade	3669	11.4	25.7	48.1
Fin., Ins., Real Est.	940	2.9	28.0	62.4
Services	5953	18.5	18.0	61.7
Public Admin.	498	1.5	23.0	49.1
Inf. Not Available	400	1.2	3.2	42.2
Total, All Occupations	32269	100.0	23.7	38.2
Prof., Tech., Mgr.	5330	16.5	21.0	45.1
Clerical	3986	12.4	22.2	81.3
Sales	1370	4.2	25.9	35.2
Services	2341	7.3	22.0	58.1
Farm., For., Fish.	230	0.7	19.4	13.3
Processing	1501	4.7	15.5	38.1
Machine Trades	2692	8.3	24.9	16.1
Benchwork	4617	14.3	25.1	53.9
Structural Work	5171	16.0	25.2	3.5
Misc.	4711	14.6	27.0	21.0
Inf. Not Available	317	1.0	19.4	32.3

^{1/} Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 3. Experienced Supply/Job Openings Demand ^{1/}

Occupation	Applicants (Supply) June 1985	Job Openings (Demand) June 1985	Supply/Demand Ratio	
			June 1985	June 1984
Total	138426	16447	8.4	8.2
Prof., Tech., Mgr.	14801	2030	7.3	9.1
Clerical	22619	3408	6.6	8.2
Sales	6498	1562	4.2	2.8
Dom. Services	3015	252	12.0	10.8
Other Services	21591	4372	4.9	5.4
Farm., Fish., For.	9086	327	27.8	23.8
Processing	2850	1415	2.0	2.4
Machine Trades	8310	398	20.9	7.8
Benchwork	9789	619	15.8	8.9
Structural Work	17095	853	20.0	15.1
Mtr. Frght., Trans.	5338	412	13.0	10.1
Pkg. & Mat. Hndlg.	16160	714	22.6	21.1
Other	1274	85	15.0	23.3

^{1/} Inexperienced and improperly coded job applicants are not included in this table.